



# Growth Capacity Study

Waltham Forest Council:  
Final Report  
July 2018

**WALTHAM FOREST COUNCIL**

**Growth Capacity Study**

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**Final Report**

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# Executive Summary

## Overview

As part of its plan-making process, Waltham Forest Council's Planning Policy Team commissioned Troy Planning + Design to prepare a Growth Capacity Study (GCS) with the aim of assessing the potential to accommodate new housing development within the defined urban areas across the Borough.

The study involved forensic assessments of key focus areas, comprising the walking catchments around railway and underground stations, town, district and local centres. A less forensic but still systematic review of other areas was also undertaken, involving a review of mapping, site information held by the Council, and visits to each area.

The study took a 'policy-off' approach in the early stages to identify as many opportunities as possible, with the suitability of sites then discussed with Council Officers. Estimates of site capacity were generated through application of the London Plan Density Matrix. The viability of sites was then considered and phased into delivery periods, each of five years. Those sites considered to have limited development prospects were discounted from the study as part of this process.

It should be noted that this study is not a statement of Council policy. Rather, it is a technical document that comprises part of the evidence base assisting in production of the new Local Plan for Waltham Forest Council.

The study identifies land and buildings where the potential may exist for new housing development in the new Local Plan period. Inclusion of a site within the study does not constitute an allocation nor influence planning applications.

This document is just one of a suite of technical reports that have been prepared by the Council to inform the new Local Plan. Other studies include, for example, infrastructure delivery, open space, employment and retail provision. These need to be considered together to help inform policy decisions, and could affect both the estimated capacity of a particular site, or the total capacity for a settlement or the authority area.

Our findings are presented in Section 6 of this report. In short, we estimate that the potential exists to accommodate approximately 13,428 new dwellings in the existing built-up areas across the Borough over the next fifteen years. This however, could be increased (to 23,437 new dwellings) if opportunities for intensification are explored within the defined opportunity areas within the borough (those designated in the London Plan), as well as on sites within town centre locations.

## Report structure

This report is presented across nine main sections. Following a short introduction, **Section 2** outlines the approach to the study.

In **Section 3** the approach to site identification is explored in more detail. This process involved a review of existing information, desk-based research, a 'call-for-sites', and site visits. All identified sites were recorded and discussed with Council Officers at a 'stocktaking workshop' to determine whether a site would be acceptable, in principle, for housing or not.

In **Section 4** the approach to estimating the development potential of sites identified and considered 'acceptable' through the stocktaking exercise is presented. Application of the London Plan density matrix enabled an 'unconstrained' estimate of capacity to be generated. The potential for other non-physically identifiable sites to delivery new homes is also considered, including, for example, reuse of empty properties.

In **Section 5** the approach to refining the 'unconstrained' estimated is presented. Known as the 'discounting' stage, this involved consideration of viability and delivery matters, and looks to phase delivery of individual sites into different phasing periods, each of five years in length. This also considers the potential quantum of development that might come forward on small sites, which, for this study, are those less than five units in size.

In **Section 6** the findings of the study are presented, broken down on an area-by-area basis and by time period, e.g.: 0-5 years, 6-10 years and 11-15 years. The estimate of capacity is based upon a 'mid-point'. Use of the London Plan density matrix results in a range being generated. A mid-point is taken between these as it recognises that as sites progress through the planning system, some will come forward at a higher density and others at a lower density. This section also presents a suggested monitoring framework for the identified sites.

In **Section 7** consideration is given to whether potential for further intensification exists in the borough, and which might provide scope to plan for and deliver additional housing. The section explores what additional potential might exist (a) in and around town centres should higher densities be applied, and (b) what additional potential might be generated in the Opportunity Areas in the borough (as designated in the London Plan) should transformational change take place.

Lastly, **Section 8** presents a series of concluding comments for further consideration through the plan-making process and which might facilitate delivery of identified sites.

## Summary findings

The headline findings from the study are presented below:

- 1,166 sites were identified for consideration, reduced to 443 through the 'stocktaking' process with Council Officers (see Table 2).
- Application of the London Plan density matrix results in an 'unconstrained' mid-point estimate of 14,497 units (see Table 4).
- Removal of 'small sites' from the calculations reduces the 'unconstrained' estimate of capacity to 14,235 units (see Section 4.3). Small sites, for the purposes of this study, are those generating fewer than five units. They have been removed as it is not possible to identify all such sites. Instead, an estimate of potential from this size of site is made based on past delivery. Removal of such sites avoids any double-counting. 100 sites were removed for this reason. Based on past completions, it is estimated that 1,360 units might come forward on small sites in the Plan period (see Section 5.71 – 5.75).
- Potential for homes above the shop, empty properties and prior approvals has been considered. An allowance for 300 units has been made from these sources (see Section 4.4 - 4.12).
- Through the discounting process a further 74 sites were removed from the estimates due to viability and delivery issues. This left 269 sites considered to have potential for new development (see Table 8).
- The mid-point estimate of those sites remaining after the discounting process is 11,768 units (see Table 10).
- Adding the potential from the small sites and other sources increases the estimates to 13,428 units (see Table 11). This equates to an annual average of 895 units over a fifteen-year period. This exceeds recent delivery rates, but is below the housing targets for Waltham Forest in the draft London Plan (see Section 6.9).
- If those sites in and around town, district and local centres were to come forward at a higher density, this might represent a net gain of 2,080 units over and above the mid-point figures (see Table 12).
- If an approach to intensification in the Opportunity Areas is followed, and combined with a higher density approach in the town centres, then the estimates of capacity increase to a high point of 23,437 units (see Table 14). This is some 10,000 more than under the mid-point estimate presented in Section 6.
- Under this intensification scenario, the estimates of capacity equate to an annual average of up to 1,562 units, in comparison to the figure of 1,794 established in the draft London Plan (see Section 7.28).

Any assessment of growth capacity is, by definition, a snapshot in time. Although the study can be used as a proactive tool by the Council to help bring forward land for development, some sites will not come forward for whatever reason. Some other un-identified sites will though. These will generally balance themselves out. It is therefore important that the findings of the study are regularly reviewed, testing the assumptions underpinning the estimates and monitoring the progress of identified sites over time.

# 1. Introduction

## **Purpose of the Study**

- 1.1 Waltham Forest Council is in the process of preparing a new Local Plan. At the same time, a new London Plan is being prepared. This has established new housing targets for the Borough: Waltham Forest will need to plan for delivery of 1,794 dwellings per annum for the next ten years. This represents a significant challenge, more than doubling the existing annual housing target for Waltham Forest. This is despite actual completions averaging around 630 per annum for the five-year period up to 2016. This means that a more proactive approach is needed to help identify suitable opportunities, and to unblock that for development.
- 1.2 The Growth Capacity Study (GCS) has been commissioned to identify the potential for new development in the borough. This study will be important in helping the borough plan for growth in an effective and sustainable way, optimising the potential of underused and under-utilised land and buildings to accommodate housing and other mixed-uses.
- 1.3 A key focus for identification of potential development capacity is in the most 'sustainable' parts of the borough, around town centres, tube and train stations. However, the draft London Plan expects contributions to be made from all areas, including 'small sites'. This means extending the area of search for the study to look at the borough as a whole.
- 1.4 The Growth Capacity Study helps identify opportunities for housing potential within the urban area and although it does not represent a statement of policy, it is intended to help inform choices in the new Local Plan. Equally, it will help inform the Brownfield Land Register, the five-year supply of land for housing, and longer-term opportunities.

## **The Study area**

- 1.5 The study has looked at all the built-up areas within the Borough, excluding any areas within the Green Belt and that designated as Metropolitan Open Land (Figure 1). To assist with surveying and recording information the Borough has been split into four broad areas (Figure 1), with individual wards within these then used to reference and categorise sites (Table 1).

Figure 1: The study area, showing the borough boundary, Green Belt, geographical areas and wards.

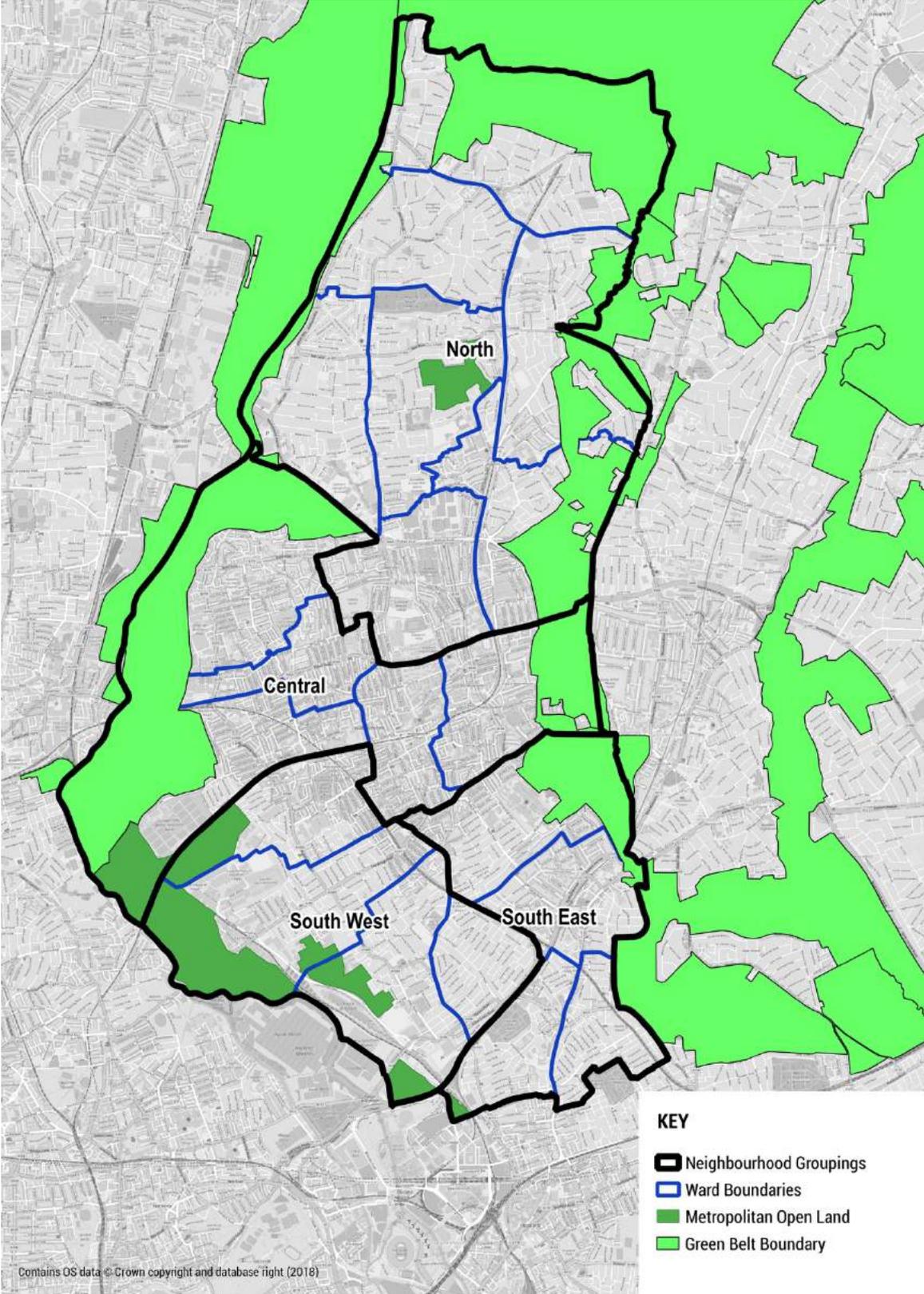
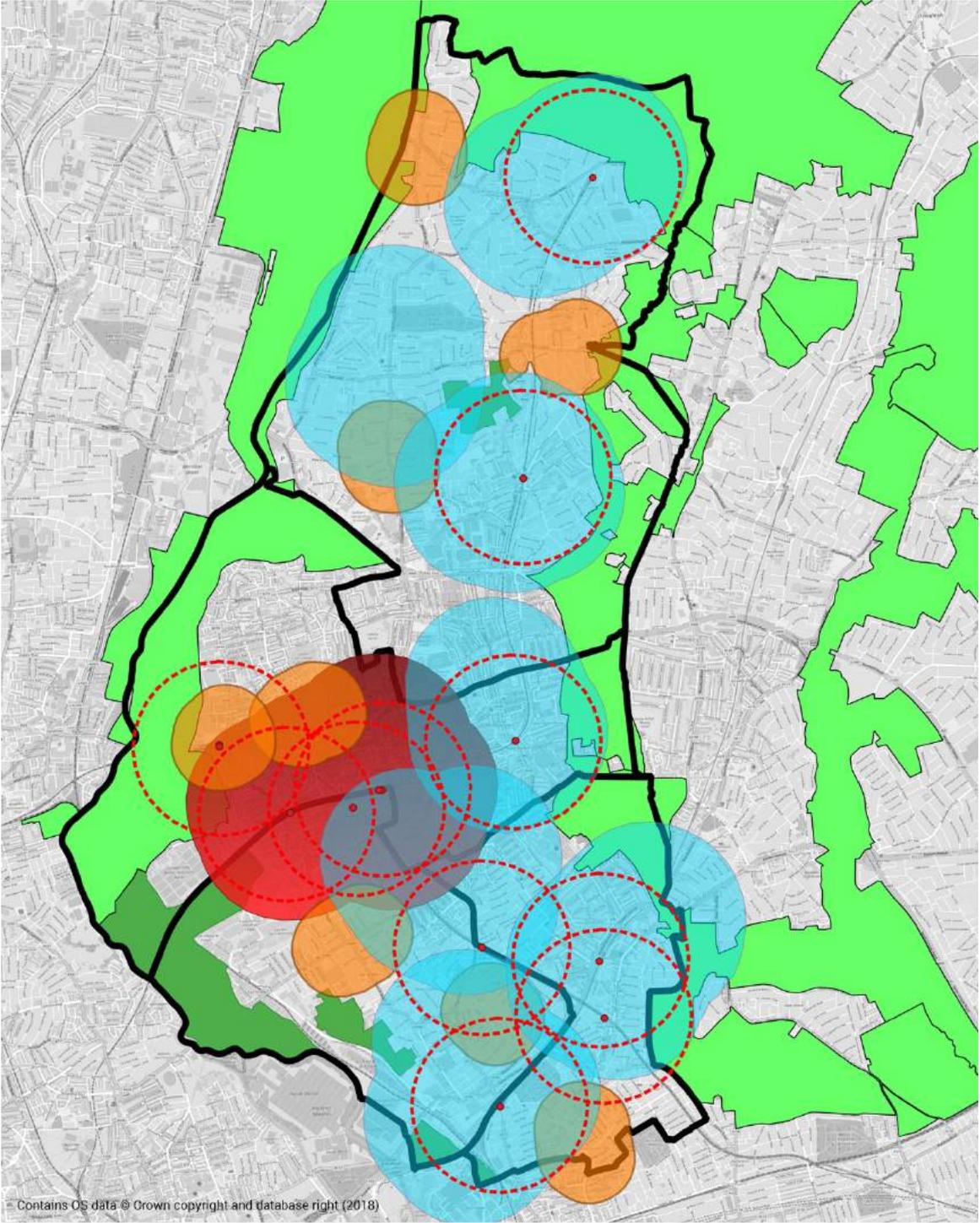


Table 1: Breakdown of ward by geographic area, for purposes of site surveying and recording

Geographic area	Wards	
North	<ul style="list-style-type: none"> <li>• Chapel End</li> <li>• Chingford Green</li> <li>• Endlebury</li> <li>• Hale End and Highams Park</li> </ul>	<ul style="list-style-type: none"> <li>• Hatch Lane</li> <li>• Larkswood</li> <li>• Valley</li> </ul>
Central	<ul style="list-style-type: none"> <li>• Higham Hill</li> <li>• High Street</li> <li>• Hoe Street</li> </ul>	<ul style="list-style-type: none"> <li>• William Morris</li> <li>• Wood Street</li> </ul>
South West	<ul style="list-style-type: none"> <li>• Grove Green</li> <li>• Lea Bridge</li> </ul>	<ul style="list-style-type: none"> <li>• Leyton</li> <li>• Markhouse</li> </ul>
South East	<ul style="list-style-type: none"> <li>• Cann Hall</li> <li>• Cathall</li> </ul>	<ul style="list-style-type: none"> <li>• Forest</li> <li>• Leytonstone</li> </ul>

1.6 The extent of town, district and local centres in Waltham Forest have been mapped (as defined in the Core Strategy) and catchment areas drawn around these (Figure 2), extending 800m around town and district centres, equating to a ten-minute walk, and 400m around local centres, equating to a five-minute walk. All railway stations and tube stations have also been mapped and an 800m catchment area drawn around these. These catchment areas form the basis of the study, though all areas outside these have also been surveyed.

Figure 2: Plan showing broad catchment areas around the railway and tube stations, town, district and local centres in Waltham Forest



- Rail Stations
- ⊞ 800m around Rail Stations
- ⊞ 400m around Neighbourhood Centres
- ⊞ 800m around Walthamstow Major Centre
- ⊞ 800m around District Centres
- ▭ Neighbourhood Groupings
- ▭ Metropolitan Open Land
- ▭ Green Belt Boundary

## Structure of this Report

- 1.7 Following this introductory section the report is presented according to the various stages of work, providing an explanation of the approach followed and a summary of findings. The report sections are:
- Section 2; which presents an overview of the method and consultation on this.
  - Section 3; which presents the approach to identifying potential development sites for housing in the built-up areas within Waltham Forest.
  - Section 4; which presents the approach to estimating the development capacity of the identified sites, as well as considering the potential from non-physically identifiable sources (e.g.: reusing empty space above shops for new housing).
  - Section 5; which presents the approach to discounting and phasing sites, based on an understanding of viability matters. This section also considers the potential for new housing that might derive from small sites (i.e.: those which might generate fewer than five new homes).
  - Section 6; which presents the summary findings of the study and introduces a development pipeline model to assist with the monitoring of sites and potential over time.
  - Section 7; which investigates the potential for intensification in town centres and opportunity areas.
  - Section 8; which presents a series of concluding comments and thoughts which should be considered through an approach to optimising the potential for development for new housing in existing built-up areas.
- 1.8 Beyond these sections the report is supported by a series of appendices, including copies of consultation letters and examples illustrating different residential densities that might be appropriate for the Waltham Forest context.
- 1.9 Furthermore, the information sitting behind this study, including site schedules and mapping (presented on an area-by-area basis), has been provided to the Council in electronic format, assisting with ongoing monitoring and review.

## 2. Developing the method

*Stage 1 of the study sought to refine and develop the method, involving consultation with the 'development industry'. The method is summarised below, along with comments received during the consultation process.*

### Summary method

2.1 Work on the GCS involved four main stages:

#### **Stage 1: Method development and consultation**

2.2 This stage involved developing and refining the method in consultation with the development industry. Letters were sent outlining the approach and seeking feedback. Copies of the letters are included within Appendix 1 of this report. These letters also included an opportunity for sites to be submitted for consideration in the study through inclusion of a standard proforma. All sites submitted were considered in Stage 2 onwards.

#### **Stage 2: Identifying capacity sources**

2.3 This stage involved a desk-based review of mapping and documentation in addition to site surveys to identify as many future development opportunities as possible. This involved surveys on a street-by-street basis of the town and district centres in the borough, the principal transport hubs (railway and tube stations) and the catchment areas around these. All other areas and sites identified through the desk-based review were also visited, and any other opportunities identified during these visits also recorded. This included underutilised and underused land and buildings, including those with potential for intensification.

#### **Stage 3: Assessing capacity**

2.4 Estimates of housing capacity are based upon application of the London Plan Density Matrix. This was originally informed by analysis of place and character, and took a design-led approach to establishing appropriate density bands for use in different locations, based on accessibility and proximity to services. Application of the Matrix has allowed a potential range of development to be estimated, with final estimates based on a mid-point. More information on the approach taken is presented in Section 4 of this report.

#### **Stage 4: Discounting capacity yields**

2.5 Following the assessment of capacity this figure was then discounted to give an informed assessment of the amount of housing that might be brought forward within the time horizon being considered in the emerging Local Plan. More information on the approach taken is presented in Section 5 of this report.

## Underlying principles

- 2.6 The methodology for the GCS recognises the fundamental importance of:
- Relating the analysis of urban housing and other development, e.g. employment and retail potential, to proximity and access to local facilities and public transport, reflecting opportunities for sustainable patterns of development and optimal use of land.
  - The need for forensic surveys in the most sustainable locations and taking a 'policy-off' approach in early stages to capture as many opportunities as possible, taking a longer-term view of site potential.
  - A clear and transparent approach to site assessment which strengthens the robustness of findings.
  - Reflecting local character and context within estimates of capacity.
  - Engaging with Council officers to review and agree the potential opportunities.
  - Provision of clear and easy-to-use data which can inform other studies (e.g.: Brownfield Land Register) and be updated by the Council.
  - Input from the development industry to help inform viability and site delivery assumptions, as well as providing an opportunity to submit sites for consideration.

## Comments received through consultation

- 2.7 Comments on the draft method were invited from the 'development industry'. A limited number of comments were received. In summary, these suggested that:
- Although the focus of site surveys is quite rightly in and around town and district centres, transport hubs and their catchment areas, the area of search should include all brownfield sites within the urban area. This was indeed the intention of the study, and all areas have been investigated.
  - Design case studies should be used to estimate development potential and that these should be used flexibly, recognising that higher densities have been achieved recently. It was initially envisaged that a small number of representative design case studies would be prepared, that could be applied back to similar sites in the Borough. However, the complexity of an urban area such as Waltham Forest, with its multitude of contexts and variety of sites means that, in reality, a large number of design case studies are required for every scenario. It was instead considered more appropriate, and proportionate, to make use of the London Plan Density Matrix, generating an estimated development range for each of the identified sites. This is the purpose of the

Matrix and it remains used in this way in the most recent SHLAA informing the draft London Plan.

- Viability should be considered in the assessment of development capacity, particularly in relation to small sites, as the 'abnormal' costs associated with these can be a challenge for site delivery. Viability forms part of the study process and is outlined in more detail in Section 5 of this report.

# 3. Identifying the capacity

*Stage 2 of the study sought to identify potential sites across the borough. This involved a review of existing information, desk-based research, a 'call-for-sites', and site visits. All identified sites were recorded and discussed with Council Officers at a 'stocktaking workshop' to determine whether a site would be acceptable, in principle, for housing or not. The approach and findings from this stage are summarised in this section of the report.*

## Call for Sites

- 3.1 Letters were sent to the development industry, inviting respondents to submit sites for consideration in the GCS.
- 3.2 Through this process, nine specific sites were submitted. All were mapped, visited and considered. Further to this, information obtained by the Council through its previous Call for Sites, undertaken as part of the SHLAA process in 2017, was also reviewed and sites considered as part of the GCS.

## Desk-based review

- 3.3 All sites submitted through the Call for Sites were mapped on a GIS database alongside other mapping including:
  - Allocated sites, including those that have not come forward for development.
  - Sites from Housing Land Availability Assessments studies.
  - Extant and live planning permissions.
  - Public land ownerships (where known).
  - Employment areas (including Strategic Industrial Land, Borough Employment Areas and other non-designated employment land).
  - Sites identified in the emerging Highams Park Neighbourhood Plan.
- 3.4 A review of the mapping and associated aerial photography was also undertaken to identify other potential opportunity areas and sites not identified or grouped within one of the categories outlined above. This included, for example, areas of parking.
- 3.5 The early stage of the study purposely took a 'policy-off' approach to site identification, explicitly avoiding rejecting and discounting sites during the survey process. Policy layers and constraints were thus 'hidden' for the purpose of this stage, except for the boundaries of the Green Belt and Metropolitan Open Land, which defines the limit of the areas of search. This allowed for as many opportunities to be identified as possible, allowing for a longer-term view of site potential to be considered. The stocktaking workshop, as outlined below, then considered the suitability of identified sites in policy terms.

- 3.6 This desk-based stage also involved mapping the catchment areas around town and district centres, railway and tube stations.
- 3.7 The desk-based review was not constrained by a particular size threshold. This allowed small sites, which may have potential to accommodate higher density development, to be tested and included as appropriate.

## Site visits

- 3.8 Site survey work was undertaken to view and record the sites identified through the desk-based review, as well as providing opportunities to identify other potential development sites for consideration.
- 3.9 The site visits involved:
1. Detailed, forensic surveys on a street-by-street basis of key opportunity areas and sustainable locations, including:
    - a. Town and local centres, and their catchment areas (based on an 800 metre of ten-minute walking distance from the edge of the centre).
    - b. The catchment area around train and tube stations (again, based on an 800 metre walk-band around these).
  2. A systematic analysis of other areas, including visits to each of the sites identified during the desk-based review of mapping and information together with a general examination of other areas.
- 3.10 All information was entered into the site schedules, ordered on a ward by ward basis and including basic site information, such as location and area (measured in hectares). Any additional sites identified through the site visits were mapped and added to the GIS database and associated schedules.

## Stocktaking workshop

- 3.11 Deciding which of the identified sites should be taken forward for assessment in the capacity work was a crucial stage in the study.
- 3.12 As the proposed method for the survey work adopted an inclusive approach to site identification and buildings with potential for housing it inevitably resulted in the identification of some sites where housing was not considered desirable. The purpose of the stocktaking process was to sieve these sites out, removing those sites where it was considered that housing development would be undesirable in policy terms, or where it might be unachievable, because of reasons of access and overlooking for example. A stocktaking workshop was held with Council officers to review and refine the list of sites. It was also noted during the workshop whether the site was considered to have potential for a mix of uses, including potential rationalisation and intensification of current uses, or re-provision of these (particularly social and community uses) to provide opportunities for new residential development.

## Summary of stage findings

3.13 In total, 1,166 sites were identified for consideration. This was reduced through the stocktaking process to a total 443 sites. This is broken down, by area, in Table 2.

*Table 2: Total sites identified by the urban capacity study*

<b>Location</b>	<b>Total sites identified</b>	<b>Sites removed through stocktaking process</b>	<b>Sites carried through to next stage of study</b>
North	390	209	181
Central	319	224	95
South West	198	130	68
South East	259	160	99
Total Sites	1166	723	443

3.14 It should be noted that the rejected or removed sites also include those which:

1. Comprise duplicates. Site information received from the Council included multiple entries for the same site, though with slightly different geographies and associated information. The reason for this being that the same site can appear in different categories of information, for example: a SHLAA submission, a site allocation, an outline planning application, and a detailed application for a phase of development. Filtering these out has avoided the potential for double or even triple counting estimates of capacity in the study. A total of 82 sites were filtered out for these purposes.
2. Comprise recent applications. Where a site benefitted from an application approved within the last three years it was assumed that these would come forward for development and were thus removed from the list of accepted sites to avoid double-counting potential supply.

3.15 Furthermore, the review of sites included a number of Housing Estates within the ownership of the Council. Whilst it is considered that these might have longer-term potential for intensification and remodelling, providing additional housing units, the sites were removed from the study, reflecting the complexities of housing estate regeneration programmes (including, for example, the process of relocating residents, understanding of 'net' housing gain, and extensive consultation programmes required). 25 sites were removed for these purposes. This also includes garage courts that are located on the ground floor of apartment blocks within Council ownerships.

# 4. Unconstrained Capacity

*Stage 3 of the study process involved estimating the capacity of the sites identified and considered 'acceptable' through the stocktaking exercise. The approach to this stage, and the outcomes, are presented in this section of the report.*

## Physically identifiable sites

### London Plan Density Matrix

- 4.1 The development capacity of identified, acceptable sites was estimated through the use of the Density Matrix contained in the current London Plan<sup>1</sup> (Summarised in Table 3 below). To do this:
1. Existing PTAL levels were mapped across the borough and each site recorded as falling within one of the three bands used in the Matrix to help inform application of the correct density multiplier.
  2. The borough was mapped to reflect the three 'settings' used with the Matrix and, for the purposes of this study, defined as:
    - a. Central: Those areas within 800 metres walking distance of a Major Town Centre (eg: Walthamstow), as measured from the edge of the defined town centre boundary.
    - b. Urban: Those areas located within 800- metres walking distance of a District Centre (eg.: those in the London Plan retail hierarchy which, for Waltham Forest, comprise Bakers Arms, Highams Park, Leyton, Leytonstone, North Chingford, South Chingford, Wood Street), or along main arterial routes (eg: the A12 or A1400 North Circular)
    - c. Suburban: Other areas, or predominantly lower density, residential two and three storey development.
  3. The Matrix was refined to present a density range for each grid of the matrix, based on dwellings units per hectare, which could then be applied to all identified and accepted sites.
  4. All site areas were reviewed and consideration given to whether a site would be wholly suitable for residential, or where inclusion of other mixed uses would be appropriate. The following approach was taken:
    - a. For garage courts and infill sites in residential areas it was assumed that 100% of the site is suitable for residential.
    - b. For intensification of retail parades and some community uses it was assumed that 75% of the site is suitable for residential, with the remainder for other uses, including, for example, retail and other commercial activities at ground floor.

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<sup>1</sup> Table 3.2, Mayor of London, March 2016, The London Plan

- c. For mixed use intensification and development of employment areas and retail parks it was assumed that 50% of the site is suitable for residential use<sup>2</sup>.
  - d. For other leisure-led or community-led opportunity sites, but with potential for some residential, it was assumed that 10-25% of the site was suitable for residential, subject to the scale of opportunity and reflecting, where available, recent or emerging masterplan exercises.
5. Application of the Matrix generates a low and high figure of potential for each site. A mid-point between these is then calculated. This recognises that, in reality, some sites will come forward at lower densities, and others higher: the mid-point allows for this flexibility.

Table 3: Summary version of London Plan Density Matrix used for the GCS

Setting	PTAL		
	0 to 1	2 to 3	4 to 6
Suburban	35 – 75 du/ha	35 – 95 du/ha	45 – 130 du/ha
Urban	35 – 95 du/ha	45 – 170 du/ha	45 – 260 du/ha
Central	35 – 110 du/ha	65 – 240 du/ha	140 – 405 du/ha

### Summary of findings

- 4.2 The study estimates that potential exists for approximately 14,497 dwellings (based on a mid-point) on the sites identified within the GCS. This is broken down by location in Table 4.

Table 4: Estimated 'unconstrained' development potential from the physically identifiable sites

Location	Dwelling potential (low density multiplier)	Dwelling potential (high density multiple)	Dwelling potential (mid-point)
North	1,736	6,089	3,913
Central	1,476	4,582	3,029
South West	1,943	7,325	4,634
South East	955	4,888	2,921
Total	6,110	22,883	14,497

<sup>2</sup> Where employment land is to be rationalised and intensified to enable residential use this may be subject to the guidance in the draft London Plan with regard to the re-provision and intensification of employment uses.

- 4.3 Through application of the density matrix 100 sites were calculated to have a mid-point residential capacity of fewer than five units. For the purposes of this study, sites generating fewer than five units are considered small sites. These sites are removed from the overall estimates of capacity and, instead, an estimate of windfall from smaller sites calculated. This is discussed further in Section 5 below. Removing these sites reduces the overall 'unconstrained' figure of capacity to 14,235 dwelling units (based on a mid-point).

## Other sources of supply

### Airspace development

- 4.4 Research published by the Federation of Master Builders<sup>3</sup> suggests that, across the UK, *'there is significant untapped potential to create additional homes above shops, on or near the high street', including 'unutilised space above shops that could be more intensively used or redeveloped into additional housing units'*. The research also suggests that realising this potential can do more than just deliver new homes, as *'revitalising our high streets through well planned and designed residential units could help rejuvenate smaller town centres'*. However, identifying space above shops for new homes is challenging and the potential is thus difficult to quantify<sup>4</sup>. In addition, once identified, there are other complexities to consider, including the creation of suitable access arrangements and the need to satisfy both building regulations and planning policies. Equally, potential may depend on the ability to coordinate development across multiple land ownerships.
- 4.5 Although we believe that potential is very likely to exist for new homes from this source type we have not, for the reasons outlined above, made an estimate of potential within this study based on projections or modelled forecasts. Rather, through the site visits, the study has sought to identify potential for intensification of some existing retail parades and, consequently, opportunities for providing new residential development above retail. Making a separate allowance for provision of Homes above the Shop would likely involve some element of 'double-counting' within the estimates of potential. However, we recommend that this source is monitored over time. In addition to homes above the shop is the potential for airspace development. This is difficult to quantify without looking in detail at sites and structures and has not been considered beyond potential for intensification on the identified sites included in the approach outlined in 4.1 above.

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<sup>3</sup> Lichfields and Child Graddon Lewis for the Federation of Master Builders, December 2017, Homes on our High Streets: How to unlock residential development on our High Streets

<sup>4</sup> Research by Empty Homes, 2016. Affordable Homes from Empty Commercial Spaces, suggests that such spaces are seldom classified as dwellings (even if at one point in history there had been a flat above the shop), and are therefore not readily detected through council tax data which is used by local authorities to record and identify empty homes in their area. They are also not captured by data on empty retail units and offices. It is suggested that there is little alternative than to undertake door-to-door surveys to identify potential empty spaces.

## Empty properties

- 4.6 Data collected by the Government<sup>5</sup> records that, as of October 2017<sup>6</sup>, there were 513 'long-term vacant' properties in Waltham Forest, defined as those 'dwellings which have been unoccupied and substantially unfurnished for over six months'. This equates to less than 0.5% of the total dwelling stock in Waltham Forest<sup>7</sup>. This is well below the average for London, and England, as a whole, and is a figure that would allow for normal turnover and property market churn. The SHLAA undertaken as part of the draft London Plan notes that vacancies represent a very small supply of stock across London and are therefore not counted in this as contributing to future supply of housing.
- 4.7 However, and despite the proportion of long-term vacant properties in Waltham Forest increasing since a 'low' of 435 properties in 2014, the overall pattern has been one of decline, from a figure of 945 in November 2004<sup>8</sup>. Although returning such properties into use can be challenging, and expensive, sometimes requiring enforcement action and or significant investment to make them habitable, it is notable that action has taken place in Waltham Forest, and that this does provide a supply of housing. Indeed, the most recent available version of the Waltham Forest Annual Monitoring Report<sup>9</sup> shows that over the period 2009/10 – 2014/15, a total of 443 vacant or empty dwellings were brought back into use, averaging approximately 74 units per year.
- 4.8 However, this rate of change cannot simply be rolled forward as, during this period, some other units will have become vacant. Government data for Waltham Forest suggests that there was an overall reduction in long-term vacant properties from 775 in 2009/10 to 419 in 2014/15: a total of 356 units. This is 87 less than the total number of units brought back into use in Waltham Forest. This means the actual net gain over the period 2009/10 – 2010/15 is 60 units per annum.
- 4.9 If this were to be projected forward, with a cautious discount of 50% applied, reflecting the diminishing stock of empty properties and the difficulties inherent in bringing them forward this would potentially contribute 30 units per year. Given that such windfall allowances should not be relied upon in the first five years of the Plan period (reflecting Planning Practice Guidance), this could contribute 300 units

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<sup>5</sup> DCLG, Live tables on dwelling stock (including vacants), Table 615: vacant dwellings by local authority district, from 2004, <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants> (accessed May 2018)

<sup>6</sup> The most recent set of available data

<sup>7</sup> Based on the total number of Council Tax properties on the Valuation List: DCLG, Council Taxbase 2016 in England, Council Taxbase local authority level data 2016, <https://www.gov.uk/government/statistics/council-taxbase-2016-in-england> (accessed May 2018)

<sup>8</sup> See DCLG Table 615.

<sup>9</sup> LB Waltham Forest, June 2016, Waltham Forest local Plan Evidence Base, Authority Monitoring Report 2015 (with additional information up to early 2016)

in the later periods of the Plan (i.e.: years 6-15). This should be regularly reviewed and monitored over time.

### **Prior Approvals / Office to residential conversions**

- 4.10 The London Development Database contains records of 86 'Prior Approvals' in Waltham Forest, of which 25 are for schemes generating five or more dwelling units (those below five are considered to be small sites and are considered separately). Of these, only thirteen are recorded as completed schemes and, together, generate 171 dwelling units, of which around 30% come from one scheme.
- 4.11 Although the Prior Approval route is likely to contribute to the supply of new dwellings across Waltham Forest in the future, the relatively short time that it has been in operation for, plus the limited number of dwellings generated to date, means that the full impacts of the Prior Approvals route is difficult to assess. As such, it is not considered appropriate to make an allowance for this source of supply in the GCS.
- 4.12 However, the GCS has reviewed employment sites in the Borough and made a judgement as to whether the sites are considered suitable for housing or not, or where opportunities might exist to intensify existing uses and free up land for development. Where sites are considered appropriate, then an estimate of capacity has been generated. To avoid double-counting, and any uncertainties through extrapolation of recent trends in office to residential conversions, we have not made a separate, specific allowance for additional housing from this source type. As with the other categories outlined above, it should be monitored over time.

# 5. Site discounting

*Stage 4 of the study comprises the discounting process, involving consideration of viability and delivery. It also looked at the size of site identified and whether (a) they are appropriate for inclusion within the supply of land, and (b) within what broad timeframe the site might possibly come forward for development. This section summarises the approach and findings from this stage of the study.*

## Introduction

5.1 This section represents an important part of the study process. The total housing yield from sites carried through from earlier stages provides a broad indication of the potential suitability of land for development. This has to be fully considered in the context of national policy and guidance for the assessment of housing land. Guidance notes that the future supply of land identified should be *available* and *achievable* to demonstrate the ability to contribute to the requirements for development over the plan period. Addressing the factors of *availability* and *achievability* is therefore necessary at this stage of the process to demonstrate that the final recommendations regarding the potential for development are robust.

5.2 In terms of assessing development potential, guidance explains:

*The development potential is a significant factor that affects economic viability of a site/broad location and its suitability for a particular use. Therefore, assessing achievability (including viability) and suitability can usefully be carried out in parallel with estimating the development potential.<sup>10</sup>*

5.3 Assessments of **achievability** are essentially a view on the economic viability of a site. This should be informed by the view that there is a reasonable prospect of a particular type of development being developed on the site at a given point in time, reflecting the capacity of a developer to complete and sell elements of the scheme over a certain period<sup>11</sup>. Evidence-based judgement should be informed by relevant available facts and based on a realistic understanding of the operation of the market. This will include factors affecting the costs and value of development in the local area<sup>12</sup>. The broader exercise of viability assessment within plan-making should be an iterative process, including collaboration with relevant stakeholders and providing a consistent approach to testing policy requirements for different development types<sup>13</sup>.

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<sup>10</sup> NPPG ID: ID: 3-017-20140306

<sup>11</sup> NPPG ID: ID: 3-021-20140306

<sup>12</sup> NPPG ID: 10-004-20140306

<sup>13</sup> NPPG ID: 10-005-20140306

- 5.4 Whilst it is not necessary to individually test each site relied upon within the Plan, and the use of typologies is appropriate, the plan-making process as a whole will provide a much more thorough indication of development viability outcomes than is possible in the context of this study. This will include specific testing of individual factors such as how individual and cumulative policy requirements affect a range of different development types. It would also include the establishment of detailed inputs for development costs and values (including where abnormal or additional strategic infrastructure costs might apply). Local assumptions on land value are also likely to be central to the assessment of whether development is likely to proceed<sup>14</sup>.
- 5.5 Assessments of site **availability** typically rely on information to demonstrate that there are no legal or ownership problems, such as unresolved multiple ownerships, ransom strips, tenancies or operational requirements of landowners. Planning permission itself does not necessarily provide confirmation that a site is available, and any past record of unimplemented consent may be taken into account. Where potential problems have been identified, then an assessment will need to be made as to how and when they can realistically be overcome<sup>15</sup>.
- 5.6 Within the context of this discounting exercise it is important to recognise that planning practice guidance provides direction for when constraints are identified in the assessment process, and states that they do not necessarily mean sites are regarded as incapable of development:
- “Where constraints have been identified, the assessment should consider what action would be needed to remove them (along with when and how this could be undertaken, and the likelihood of sites/broad locations being delivered). Actions might include the need for investment in new infrastructure, dealing with fragmented land ownership, environmental improvement, or a need to review development plan policy, which is currently constraining development<sup>16</sup>.”*
- 5.7 The nature of this study is also important in terms of the way in which guidance is applied. The study estimates potential housing yield from a wide range of individual sites but it is not policy and does not itself confirm support for the principle of development. Assessments are supported by the best information available within the methodology for the study, but it will be necessary to have regard to the evidence base for the development plan as a whole to determine whether individual sites are suitable for allocation.
- 5.8 It is also important to compare and contrast the evidence generated by this GCS against other alternatives endorsed by national guidance. This Study provides an

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<sup>14</sup> NPPG ID: 10-015-20140306

<sup>15</sup> NPPG ID: 3-020-20140306

<sup>16</sup> NPPG ID: 3-022-20140306

exhaustive assessment of potential development yields across a range of individual sites. By contrast, guidance recognises the role that identifying 'broad locations' can play in establishing future estimates of developable land for housing beyond year six of the plan period. These might include existing areas that could be improved, intensified or changed where there is a *reasonable prospect* of housing being developed at the point envisaged.

- 5.9 The exercise of 'site discounting' within this context represents a proportionate assessment commensurate with the level of information available for identified sites. The discounting process may result in the removal or reduction in potential yield or indicate development is more likely in later years. This does not represent a specific view on viability or the potential value of a development scheme on individual sites.

## Value mapping

### Overview

- 5.10 House prices in the London Borough of Waltham Forest have been analysed to inform the discounting process. Comprehensive data is presented in Appendix C. In summary, the conclusion drawn from this information is that price differences within the Borough may provide one factor in judgements over the prospects for development. However, these differences do not in themselves support a basis for shaping the overall discounting approach if all other assumptions are equal.
- 5.11 The sales return on private housing is nevertheless a primary indicator of Gross Development Value on individual schemes and therefore acts as an indicator for viability prospects for residential development in the Borough. Assessing the volume of housing transactions also provides information on the overall market for development.
- 5.12 In the year to September 2017 the total volume of housing transactions in Waltham Forest remained around -48.3% below peak levels of activity recorded in 2007. This partly reflects national and regional trends – London also remains c.-48% below the level of transactions a decade earlier although across England a greater degree of recovery has reduced the difference to -35%.
- 5.13 Data for the Waltham Forest also illustrates relatively low volumes of transactions through 'new build' property. 161 such transactions were recorded in the year to September 2017 – this remains below the peak of 275 in 2007. However, the average for the five-year period 2013-2017 (166) is markedly higher than the previous period (2008-2012 – 61 new build transactions per annum)<sup>17</sup>. This is

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<sup>17</sup> Source: House Price Statistics for Small Area (HPSSAs) Data Sets 6, 7 and 8 available at <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housepricestatisticsforsmallareas/yearendingjune2017>

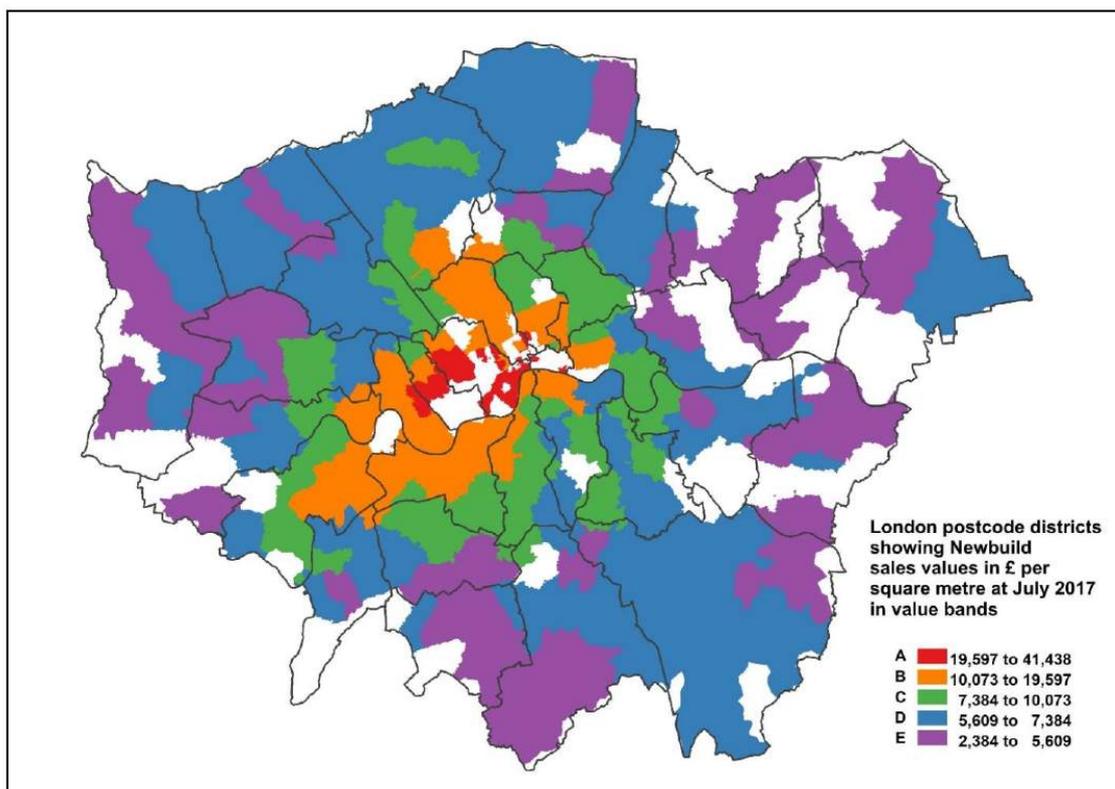
indicative of more limited levels of development seen in the Borough but in the context of a sustained recovery. New Build transactions represented only 6% of total activity in the year to March September. This differentiates the Borough from London as a whole where new build transactions comprised 19% of the total; this figure also exceeds the proportion of 12% seen across England as a whole. The low proportion of 'new build' activity in Waltham Forest is not a recent trend and although absolute volumes have fluctuated since 1996 this has never represented more than 7% of total transactions.

- 5.14 In terms of house prices, the Borough follows the overall trend in London of demonstrating values for existing and new build dwellings that exceed those in England and the South East. Comparison with London is likely to provide a truer reflection of local market differences. The key feature in Waltham Forest is that relatively little difference exists between mean and median prices achieved for different dwelling types (between +5% and -2.7%). For comparison, across London mean prices are consistently significantly above median values (and equivalent range of 25.6% - 39.3%), reflecting geographic difference and small concentrations of very high value properties. This suggests a more homogeneous market in Waltham Forest. Within the Borough, median prices compare closely with those across London but are more substantially below the mean.
- 5.15 Waltham Forest also demonstrates a relatively limited 'premium' in average values achieved from new build transactions relative to existing properties. For terraced and flatted properties such a premium can be observed across data for all comparator areas. In Waltham Forest, the mean price of 'new build' flats illustrates a +14.8% premium compared to transactions on existing properties – for London and the South East the figure is 23.5% and 36.4% respectively. For terraced properties mean values for new build properties are -10.3% below those of existing dwellings, although this may be distorted by the limited size of the annual sample to September 2017.
- 5.16 We have considered this background against our own analysis on property values within this wider context. The results of this analysis are set out in Appendix C. Sample data from 2014 to 2018 provides evidence of a relatively wide range of activity, capturing the upturn observed from late 2013. However, the number of completions of new semi-detached or detached properties over this period are more limited and unlikely to provide a representative sample at finer geographies (down to 'Ward' level). Records for flats and terraced properties are far more numerous and allow finer-grained analysis. These dwelling-types are generally more reflective of schemes identified through Growth Capacity Study sites. We have also sought to compare our own findings with other evidence sources.
- 5.17 The data for our assessment is provided from individual transaction records from Land Registry 'price paid' data. We have used a period of 2014 to early 2018 for

transactions on 'new build' properties and a period 2016 to 2017 for existing properties (given the greater sample size) and have analysed that two sources separately. Prices for earlier months have been adjusted for inflation (by property type), with historic values adjusted to the mean price in the most recent data. Finally, to indicate trends in development type, average floorspace of completed units, and transaction value by £/sqm, we have obtained the 'Energy Performance Certificate' to provide floor area data for a sample of the records.

- 5.18 It is helpful to consider the findings of our own sample against further evidence applicable to LBWF. The 'Greater London Authority – London Plan Viability Study' (Three Dragons and Associates) (December 2017) presents an analysis of New Build residential sale values across all London Boroughs, although the grouping of data is organised by Postcode District. These significantly exceed the size of electoral wards and are not constrained to administrative boundaries and therefore whilst useful for wider geographies and smaller samples provide less definition at the borough level. In any event, for the purposes of the GLA Study the data indicates the vast majority of the LBWF falls within the 'Band D' value area.

Figure 3: GLA Viability Study (2017) Value Bands

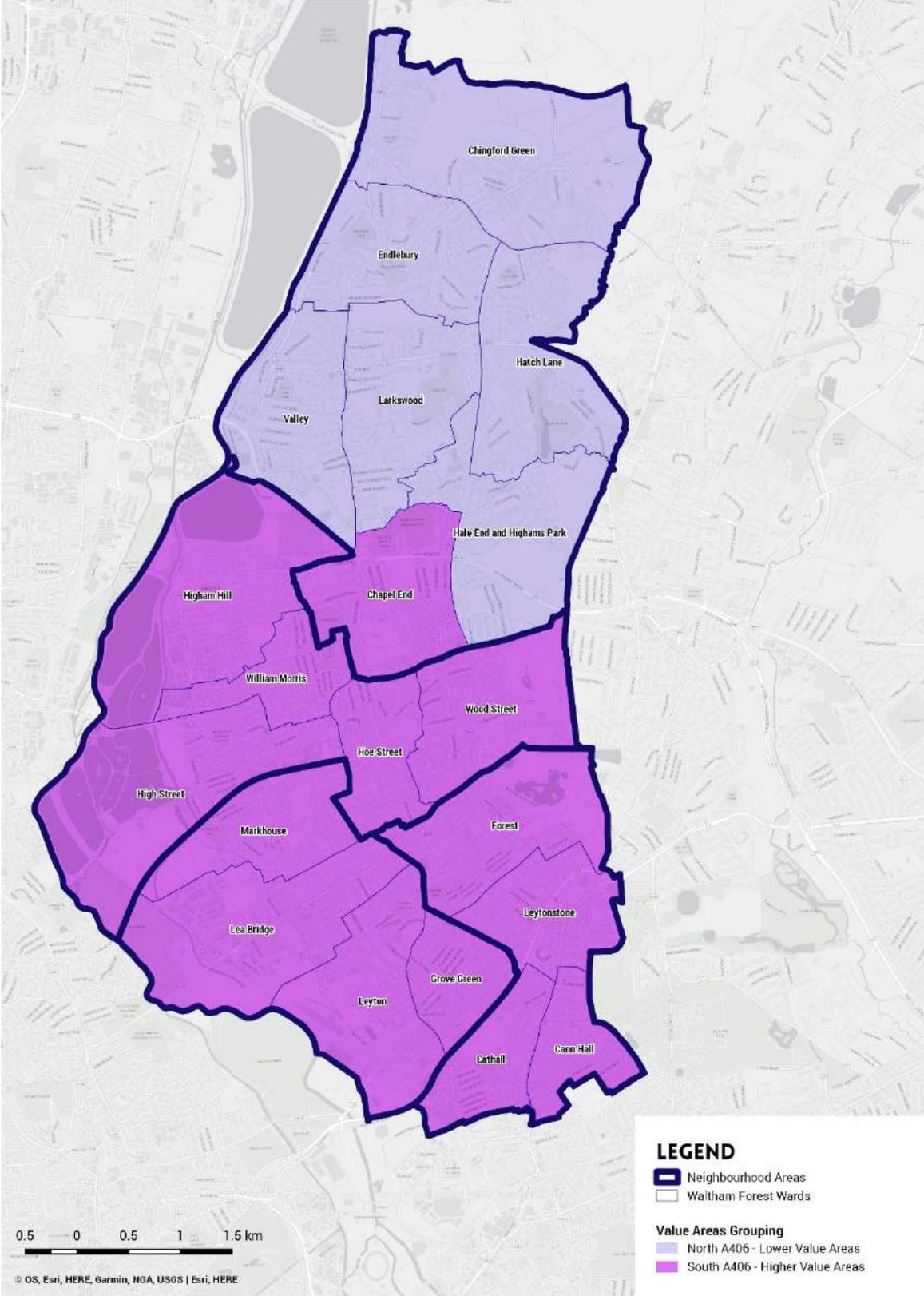


- 5.19 The values in Band D encompass a range from £5,609sqm to £7,384sqm. Band D is broad, covering a large proportion of outer London Boroughs. As may be anticipated, our own analysis provides an indication of values falling within this range across the Borough.

- 5.20 The application of Community Infrastructure Levy charging within the LBWF is also relevant to consider the role of development values for the purposes of discounting within this Study. The Council's current Community Infrastructure Levy charging rates were set on 15 May 2014. The evidence base for the rates proposed was completed earlier, in 2013. The physical boundary provided by the North Circular Road has been determined as an appropriate basis to reflect the marginal distinction between development values observed between the northern and southern parts of the borough within the CIL evidence base at 2013. Charging rates of £65/sqm and £70/sqm (with adjustment to reflect the BCIS All-In Tender Price) apply in the respective areas, indicating for relatively limited size of any difference.
- 5.21 In addition to the application of the Community Infrastructure Levy Charging Schedule for Waltham Forest development in the Borough is also subject to Mayoral CIL ('MCIL'). In Mayoral CIL Zone 3 a charge of £20/sqm (with adjustment to reflect the BCIS All-In Tender Price) is currently levied on development and represents the relevant rate for LB Waltham Forest.
- 5.22 The Council is currently seeking to review CIL charges alongside proposed changes to Mayoral CIL rates ('MCIL2'). This provides a useful position to frame our own conclusions on development values for the purpose of viability testing. The initial results of viability testing as well as our own assessment and an overview of the property market is that this review is being undertaken following a strong and sustained recovery from the severe recession. For example, development values exceed previous pre-2008 peaks.
- 5.23 The 'Viability Evidence Base for the Mayoral Community Infrastructure Levy 2' (JLL, November 2017) identifies Waltham Forest as demonstrating the strongest average house price growth compared with build cost growth for the 2010 to 2016. Average and median house price changes over the same period have led to the re-grading of Waltham Forest with Band 2 for the purposes of 'MCIL2'. Those remaining boroughs within proposed Band 3 align most closely with the areas of lowest value ('Band E') identified in the GLA Viability Study.
- 5.24 We have grouped our analysis of 'New Build' transactions at Ward level to broadly align with the existing charging zones for Borough CIL. The findings indicate that some differentiation of development value can be attributed to the same geographical division. The nature of this broad pattern and trend in an overall increase in development value will nevertheless mask more localised differences and individual outcomes at scheme level. Identifying change in the longer-term trend is also likely to be a function of development volumes and sample size. This may partly reflect demand but also the relative size of different geographies, local planning policies and the availability of sites.

- 5.25 Our grouped data indicates a smaller sample size within the north of the borough, particularly for terraced properties. For flatted development, whilst there is more limited data at Ward level the dataset to compare the north and south separately indicates respective values of £6,130sqm and £6,450sqm. This supports the continued finding of differentiation between the two areas, but of a relatively modest magnitude in the wider London context. We would conclude that the recent uplift in values has been experienced across Waltham Forest.
- 5.26 For the purposes of discounting the data lead us to conclude that development values in isolation do not provide a basis for applying separate, standalone assumptions to indicate differences in whether there is a reasonable prospect of development occurring on a given site based on its location within the Borough.
- 5.27 Furthermore, the assumptions for discounting take account of the observed pattern of development alongside typical sales values and the fact that these are achieved in the context of the CIL Charging Schedule already in place across Waltham Forest. Based on the information available it would be inappropriate to regard the application of CIL as having a significant impact on any identified sites in terms of the prospects for development.
- 5.28 The process of setting the charge established that any lower rate would be no more likely to ensure certain schemes to proceed where viability is challenging. The role of the existing CIL Charging Zones and the scope of any future change to the geography of these zones or alternative differential between CIL Rates across the borough is to ensure that overall development is not put at serious risk, and therefore by definition this works to limit the impact on outcomes for the purpose of the discounting exercise.
- 5.29 In terms of prospects for development it is more appropriate to recognise that there may be instances of given schemes and localities where developments struggle in viability terms, even without any significant CIL contribution. Wider scheme details, including abnormal costs and requirements for planning obligations can render schemes marginally viable or unviable prior to the consideration of CIL. This is the position we adopt for the purposes of this process.

Figure 4: Grouping of Value Areas following analysis of house price data (see Appendix C)



## Factors Affecting Development Viability and Land Availability

- 5.30 The 'discounting' element of the assessment is informed by a range of broad factors that are likely to indicate the availability of land for development and will further govern where a site might be developed at a certain point in time. We briefly summarise these below; the order of importance of these factors is likely to vary on a site-by-site basis

### **Land Values –Existing Use Value and Alternative Use Value**

- 5.31 National policy in Paragraph 173 of the NPPF explains that in assessing viability and taking account of development costs and values, schemes should *“provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”* Typically this is determined by comparing the residual value of a scheme (gross development value less total costs (excluding land)) with the ability to pay a suitable price for the site itself.
- 5.32 In the context of viability testing a residual value of different typologies is compared to a range of 'benchmark land values'. This range is usually informed by current use values (plus a premium) that would represent competitive returns to a willing landowner. Sites are judged viable when residual value exceeds adopted benchmarks whilst demonstrating that the Council's policy requirements (including levels of CIL contributions) can be achieved. Bids for sites should reflect the requirements of adopted policies, in accordance with national policy and guidance.
- 5.33 One of the key benefits of the 'residual land methodology' is that it allows for independent comparisons to assess notional scheme outcomes both in terms of the balance of scheme costs against potential returns (excluding the price of land) and subsequently against numerous potential benchmarks for land cost. This is significant because the wider evidence base for development viability covering the borough has consistently identified instances where the relationship between revenue and costs is narrow. This can generate relatively low totals of residual value available to pay for land and it may be the case that that the cost-revenue relationship remains unfavourable and cannot be ameliorated by small revisions to scheme details (e.g. density or scale of development).
- 5.34 The range of typologies tested within the evidence base for viability can only ever serve as a guide. This discounting exercise does not seek to supplement the wider findings of the existing evidence base for viability with site-specific testing. Rather, it applies judgement on a site-by-site basis, taking account of viability factors as one further indicator of whether there is a reasonable prospect of development. It is therefore not the focus of this stage to identify sites that should specifically be regarded as 'unviable' or suggest that the residual balance between costs and

values would generate a negative outcome. This reflects the long-term nature of the study and the diverse characteristics of the large number and type of sites identified.

- 5.35 It is, however, important that this stage reflects overall trends in wider evidence base and the principle of assessing outcomes against benchmark land values. A key similarity is that studies typically assess the residual value of testing scenarios against identification of a range of three land value ‘thresholds’. The terminology behind each differs slightly but the rationale is similar in terms of arriving at ‘upper’, ‘intermediate’ and ‘lower’ benchmarks for comparison. Behind the indicators of a range it is useful to note that values adopted are based (partly) on information of recent transactions and locations of development. These transactions in-turn reflect characteristics such as ‘Existing Use’.
- 5.36 Acceptable benchmarks based on existing use value (plus a premium) can often be significantly below the value at which land actually transacts on the open market, especially where past examples of land sold for residential development do not reflect planning policy requirements.
- 5.37 Comparison with the wider market may also consider the potential value of alternative uses – typically this is where value might otherwise be increased by promoting other forms of development (such as retail or commercial intensification) although account of these options should have regard to factors such as compliance with planning policy and other obligations.
- 5.38 In the broadest sense, the GLA Viability Study (2017) explains how different existing uses may relate to this range:
- “BLVs also vary within each Band depending on the use of the site and other factors such as the quality of accommodation. Sites in industrial/ warehouse and related uses and community/ public uses typically have lower to mid BLVs compared with other higher value uses in the same band. BLVs for sites with retail, office and residential uses tend to be at the mid/ high end of the range.”* (Technical Annexe J, Paragraph 5)
- 5.39 Comparison with a range of potential land value benchmarks appears as the single main factor in determining the prospects for development in viability terms. Relevant benchmarks can have a significant effect when all other notional elements of a scheme are treated equally – a scheme may generate a positive post-benchmark residual value at one threshold but not at other higher levels. It is therefore sensible to make initial judgements against sites identified in the Growth Capacity Study to associate them with the most appropriate existing or alternative use to inform future benchmarks. These can broadly be summarised as follows, although the terms below should not be regarded as exhaustive or determinative:
- ‘Higher’ Land Value Threshold: likely to encompass Secondary Office, Retail and Residential Use

- 'Intermediate' Land Value Threshold: Secondary Industrial, Storage and Distribution Uses
- 'Lower' Land Value Threshold: Community Use, Civic Administration, Greenfield Land and Vacant or Redundant Sites

5.40 The discounting process allows judgement on a site-by-site basis. This allows a refined view to be taken on the consistent trends in threshold land value identified in general testing elsewhere. The key assumption indicating that sites will not come forward until a change occurs in market conditions predominantly reflects where commercial buildings generate a higher value or revenue than alternative residential uses. This can be associated with the view that the conditions for development may be unlikely to change without a significant shift in market factors or landowner intention.

5.41 Residual values for comparison are most likely to fall at or marginally below benchmarks for residential intensification on sites containing existing housing. These benchmarks are likely to have risen commensurate with house prices since 2011. This does not necessarily mean that development may not proceed, and it is important to have regard to the condition of existing property, opportunities for mixed-use development and allowances for risks to be acknowledged by the developer when comparisons are based on residential intensification.

5.42 In reality, the factors taken into account may simultaneously inform a view on the value of existing uses and the prospect of the site becoming available (i.e. intensity, location and scale of commercial uses plus appearance such as indications of any recent refurbishment). However, the full extent of costs for remediation (such as remediation of contamination on previously developed land) may also not be fully known until surveys are undertaken.

5.43 It should also be noted that as the discounting process applies a temporal dimension (i.e. the prospect of site use, value or occupancy changing over time) the identification of a given threshold for comparison will not necessarily be determinative of whether the unconstrained yield is retained.

### **Contributions to Infrastructure Funding and Relevant Planning Obligations including Affordable Housing**

5.44 Wider trends in notional scheme residual values and comparison with relevant benchmarks indicates that the Council's policy requirements are often not in themselves the main factor in whether development takes place. This should not be regarded as a reflection on the Council's policy requirements nor does it indicate that they cannot be achieved on other sites, as indicated by examples of development that are brought forward.

5.45 National guidance for viability in decision-taking explains that *"where safeguards are necessary to make a particular development acceptable in planning terms, and these*

*safeguards cannot be secured, planning permission should not be granted for unacceptable development<sup>18</sup>.* Assumptions for development costs and setting an appropriate land or site value for comparison should both reflect the cumulative costs of policy requirements<sup>19</sup>.

- 5.46 Those sites considered to have a reasonable prospect of development should ensure this is within the context of these being achieved. In terms of the Council's policies for development management and ensuring standards these have typically been in place for several years and should be widely interpreted as part of normal development costs. Compliance with these requirements in itself is unlikely to be a significant factor in the discounting process. Effects are only likely to be observed in combination with other factors considered in this section.
- 5.47 The Council adopted its recent Affordable Housing and Viability Supplementary Planning Document in February 2018. The SPD provides additional guidance on matters covered in the Waltham Forest Local Plan, which consists of the Core Strategy (2012) and the Development Management Policies (2013) but does not (nor could it) introduce new policies. It is a material consideration in planning decisions and aims to ensure the effectiveness of existing policies. The SPD follows the introduction of the London Mayor's Affordable Housing and Viability Supplementary Planning Guidance (2017) and its preference for a threshold approach to affordable housing and viability.
- 5.48 The Council's SPD primarily supplements Core Strategy Policy H2 in seeking a target of 50% of housing to be delivered as affordable homes over the plan period, achieved across a balance of tenures. This policy also states that affordable housing levels will be assessed on a site-by-site basis, subject to demonstration of a viability case and consideration of deferred contributions alongside the preparation of subsequent appraisals to assess changes in circumstance where an initial case is established.
- 5.49 Policy DM3 of the Development Management Policies Document confirms the threshold of seeking affordable housing only from proposals providing for 10 or more units. It confirms the objectives of tenure blind provision and the use of legal agreements to ensure appropriate provision across each phase of larger developments. Further detail is provided to outline the extent of off-site contributions that will be sought, aligned with the costs of provisions that should have been made on-site.

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<sup>18</sup> NPPG ID: 10-019-20140306

<sup>19</sup> NPPG ID: 10-022-20140306 and 10-023-20140306

- 5.50 The Council's SPD confirms the basis for seeking viability appraisal of non-policy compliant sites and seeks to define the terms for these at each stage of the development process, including pre-application advice.
- 5.51 However, the Council's existing experience of negotiating affordable housing requirements is one indication of where development is able to proceed in circumstances where viability is otherwise marginal against an appropriate land value benchmark. The discounting process should therefore conclude that some development will proceed in-line with these allowances for sensitivity.
- 5.52 Individual site characteristics are likely to necessitate flexibility in the application of policy requirements and may reflect a greater desire to bring development forward such as to support regeneration. Our findings on the application of policies within the development plan do not therefore represent a key basis for discounting yields from the unconstrained total.

### **Relationship Between Indicative Density and Discounting Outcomes**

- 5.53 It is an important component of the discounting exercise at this stage that the unconstrained yields considered represent the mid-point of totals generated through application of the London Plan density matrix. These yields have been interpreted in the context of achievability and viability considered by this section.
- 5.54 The potential implications for development prospects are neatly summarised by the Executive Summary of the GLA Viability Study (2017):

*"Some types of development are more viable than others and this varies between value bands e.g. the higher density schemes are more viable in the higher value bands; and the lower density schemes are more viable in the lower value bands [i.e. Band E and Band D covering Waltham Forest], based on current day values. It may be possible to deliver more viable developments (including at higher densities) by using a lower-rise form of development and/ or in areas with better transport accessibility; and this would allow more certainty around affordable housing provision where values are lower."*

- 5.55 A similar pattern of outcomes exists in a range of work prepared for the Borough. Where gross development values and costs are greater overall on higher density schemes the residual value available to pay for land will always be lower as a proportion of total financial activity within the scheme. Assuming that a positive residual value is achieved from a 'base' scheme (i.e. 0% Affordable Housing) this would nevertheless stretch relatively less far in covering the addition of affordable housing contributions across the gross number of dwellings. Some schemes may be 'unviable' even at the 0% level. Where the total number of units is lower, any positive residual value would cover a greater proportion of the total additional costs.

- 5.56 The GLA Strategic Housing Land Availability Assessment<sup>20</sup> (2017) also looks at this debate and provides a useful evidence base. This takes a pragmatic and longer-term, recognising that the density range indicated by the London Plan Matrix has been exceeded more often in recent years, even in lower value areas. It also has regards to the uplift in values that might be achieved through place-making and investment in infrastructure (including public transport). These factors are relevant to the context in LBWF and are appropriate to consider for the purpose of a discounting assessment taking into account several five-year periods. They also align with the recent pattern of successful developments within the borough.
- 5.57 It would therefore be inappropriate to take a 'case study' approach to individual sites identified by the Growth Capacity Study i.e. grouping these into categories aligned to a single typology. Sites within this Study will not be subject to viability testing themselves, and in any event Growth Capacity Study assumptions should be applied flexibly – for example a case study could generate a different yield in certain areas depending on local character or other site constraints. It would not be appropriate for the Growth Capacity Study to indicate positive viability outcomes (and therefore future prospects for development) based on a single case study. Equally, where a case study may align with negative current findings on viability this does not mean that all potential future supply should be discounted. Overall judgement (e.g. on land values and characteristics of the existing use) may lead to phasing adjustments to assume capacity later in the fifteen-year period.
- 5.58 Taking these factors into account through application of the London Plan Density Matrix allows for some flexibility. More importantly, the Borough does have a track-record (and increasing success) in delivering housing under existing policy and guidance. Therefore, whilst discounting will nevertheless need to have regard to overall findings (e.g. trends in density and viability alongside threshold land values and property prices) this allows these to be treated in a non-determinative way. This approach is also likely to reflect flexibility that may be applied on a case-by-case basis regarding the Council's requirements for planning obligations (including affordable housing).

### **Availability including Relocation of Existing Uses and Land Assembly**

- 5.59 In addition to consideration of potential land value comparisons, judgement is applied following site visits and desk-based assessment regarding the characteristics of existing uses. Factors such as existing policy designations and the performance of existing industrial or commercial areas have already been considered to some extent at the stocktaking stage. These may also indicate an opportunity for intensification of existing operations (or introduction other policy-

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<sup>20</sup> See Paragraphs 9.28 to 9.33

compliant uses) and comparisons with the value of these alternative uses may affect the prospects for residential development.

- 5.60 Phasing considerations are particularly important where the availability of a site for development is likely to rely on the relocation of existing operators or the availability of sites in combination to assemble land and realise potential yields. Impacts may be greater where there are a range of uses or operators across a given site, with leases expiring or the incentive to develop arising at different points. Only in the most complex configurations or combinations is this likely to mean that the discounting process arrives at removing the potential yield from the gross total - such as potential issues of 'ransom' over access.

### **Site Preparation including Infrastructure and Abnormal Development Costs**

- 5.61 The assessment process in this study allows site-specific consideration of these factors in more detail than might be considered in a wider viability exercise, although it is not possible to come to a definitive view on the effect on achievability. Following the site visits and desk-based assessment it is possible to identify physical attributes that may affect the achievability of sites and introduce abnormal costs. These might include unfavourable topography or where we anticipate the potential for significant remediation costs depending on the characteristics of industrial or redundant brownfield land.
- 5.62 The identification of these factors does not automatically preclude the reasonable prospect of development in Waltham Forest. Potential outcomes should be considered in combination with other factors affecting indicative development values, such as the typology used to derive yield, as well as applicable policies and support for regeneration. It is important that judgement is proportionate, particular because national guidance explains that *"for brownfield sites, assumptions about land values should clearly reflect the levels of mitigation and investment required to bring sites back into use<sup>21</sup>."*
- 5.63 The potential for discounting capacity would more often be in assumptions indicative of lower development values but may fall under any identified site where the combination of assumptions acts against development viability and may compromise outcomes or affect meeting policy requirements.
- 5.64 Development costs associated with the provision of typical on-site infrastructure necessary to typically make land suitable for development are not considered to have a significant role in terms of the discounting assessment. It is also not appropriate to speculate at this stage on the potential relationship between sites and strategic infrastructure requirements.

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<sup>21</sup> NPPG ID: 10-025-20140306

## Application of Matrix Assumptions to Identified Sites

- 5.65 Having set out a broad framework for factors affecting availability and achievability the following section shows how these have been considered as consistently as possible within the study context. This leads to the application of a 'matrix' of assumptions applied to individual sites and the context of Waltham Forest.
- 5.66 The 'matrix' approach provides conclusions on whether there is, overall, a reasonable prospect of the identified yield being achieved. In accordance with national policy and guidance it also allows for an assessment of 'phasing' to determine when a site might reasonably be developed depending on the factors considered.
- 5.67 Three separate iterations of the matrix have been developed based on whether the assumptions are applied to sites with a forecast benchmark land value of 'high' (Table 5), 'medium' (Table 6) or 'low' (Table 7) based on our judgement to characterise existing uses. It is important to note that this only represents a starting point in the Waltham Forest context, but is the main significant indicator to differentiate findings based on the evidence reviewed.
- 5.68 The matrix considers availability and achievability factors across two broad domains. The columns of the matrix represent physical characteristics of identified sites and their surroundings that may affect the capability of development or lead to increased costs – for example topography, remediation for contamination, impact on amenity or the need to reconfigure multiple landholdings to provide access.
- 5.69 The rows of the matrix represent our judgment on those indicators likely to govern the outcomes of any identified site in terms of viability. This allows refinement of the broad findings on an appropriate land value benchmark, taking account of development values, scheme density, site area and yield, local character, the relationship with other uses and the possible impact of cumulative policy costs. In relevant circumstances this may also require judgement on whether there is a reasonable prospect of mixed-use development on an identified site.
- 5.70 Considering 'discounting' in this way means that factors affecting availability or achievability will not necessarily be limited to either the respective rows or columns of the matrix. As an example, a site identified within a well-performing industrial area would require judgement surrounding the land value associated with the existing function, any potential remediation costs associated with redevelopment and the potential timescales over which the site might become available.

## Copies of Matrices Used for Discounting and Phasing Assessment

Table 5: Phasing and discounting matrix for sites with 'Higher' Benchmark Land Value Assumption

<b>Benchmark Land Value Classification</b>			<b>Higher</b>
<b>Development Constraints Viability Indicator</b>	<b>Significant Barriers to Development or Availability</b>	<b>Modest Barriers to Development or Availability</b>	<b>Limited Barriers to Development or Availability</b>
<b>Weak</b>	Development Capacity Discounted	Development Capacity Discounted	11-15 Years
<b>Moderate</b>	Development Capacity Discounted	11-15 years	6-10 Years
<b>Strong</b>	11-15 years	6-10 Years	0-5 Years

Table 6: Phasing and discounting matrix for sites with 'Intermediate' Benchmark Land Value Assumption

<b>Benchmark Land Value Classification</b>			<b>Intermediate</b>
<b>Development Constraints Viability Indicator</b>	<b>Significant Barriers to Development or Availability</b>	<b>Modest Barriers to Development or Availability</b>	<b>Limited Barriers to Development or Availability</b>
<b>Weak</b>	Development Capacity Discounted	Development Capacity Discounted	11-15 Years
<b>Moderate</b>	Development Capacity Discounted	6-10 years	0-5 years
<b>Strong</b>	11-15 Years	6-10 Years	0-5 Years

Table 7: Phasing and discounting matrix for sites with 'Lower' Benchmark Land Value Assumption

<b>Benchmark Land Value Classification</b>			<b>Lower</b>
<b>Development Constraints Viability Indicator</b>	<b><i>Significant Barriers to Development or Availability</i></b>	<b><i>Modest Barriers to Development or Availability</i></b>	<b><i>Limited Barriers to Development or Availability</i></b>
<b>Weak</b>	Development Capacity Discounted	11-15 Years	6-10 Years
<b>Moderate</b>	11-15 Years	6-10 Years	0-5 Years
<b>Strong</b>	6-10 Years	0-5 Years	0-5 Years

## Small sites

- 5.71 The discounting stage also considers small sites – those generating fewer than five dwelling units. This threshold is used for the purposes of this study as it is not possible, by their very nature, to identify all such opportunities, given that they often include conversion and intensification of existing residential plots and dwellings. Where the study has identified development opportunities that generate an estimate of capacity of less than five units, these have been discounted from the study and, instead, an element of windfall allowed to cover this supply of sites. Discounting at this stage removes the potential for double-counting within the estimates of capacity.
- 5.72 It should be noted that the draft London Plan defines small sites in London as those below 0.25 hectares in size and generating fewer than 25 units. This scale of site has been identified, wherever possible, through the study. We have not discounted this source of supply.
- 5.73 The London Development Database provides a record of all planning permissions, either live or completed, since April 2006. It includes 1,984 entries for Waltham Forest<sup>22</sup>, of which 1,490 relate to permissions on sites generating fewer than five units. In total, these sites account for 2,530 completed units, equating to an annual average of approximately 210 new units from small sites.
- 5.74 However, caution must be taken when projecting this forward. It is prudent to reduce the potential supply from small sites to account for potential non-completion of sites for example. The Government has previously suggested that there is a gap of between 30-40% between the granting of planning permissions and work on the site starting<sup>23</sup>. Projecting past-performance forward with the application of a mid-point discount (35%) would generate an annual average of approximately 136 units per year from small sites.
- 5.75 Planning Practice Guidance<sup>24</sup> advises that an allowance for windfall should not generally be included for within the first five years of the Plan period, though can be included within years 6-15. Using the calculation outlined above, it is estimated that potential exists for approximately 1,360 units to come forward as small sites in years 6-15. This should be monitored and updated over time.

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<sup>22</sup> Accessed May 2018

<sup>23</sup> DCLG Presentations to the HBF Planning Conference, 2015

<sup>24</sup> See: <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>, accessed May 2018

## Summary of stage findings

### Discounting process

- 5.76 Through the discounting process the overall number of sites carried through the GCS reduced from a total of 443 sites considered acceptable, in principle, to a total of 269 (see Table 8). Of those discounted, 100 sites were discounted because the estimate of site capacity was less than five units and considered small sites which are removed to avoid double counting. A total of 74 sites were discounted for viability and delivery issues.

*Table 8: Sites discounted through the GCS, broken down by area*

<b>Location</b>	<b>Sites subject to discounting process</b>	<b>Sites discounted due to viability / delivery issues</b>	<b>Sites discounted as small sites to avoid double counting</b>	<b>Sites remaining after discounting process</b>
North	181	25	63	93
Central	95	18	18	59
South West	68	9	3	56
South East	99	22	16	61
Total	443	74	100	269

## Phasing

5.77 All sites accepted through the discounting stage were placed into one of three phasing periods, each of five years in length, with the most reasonable prospects in the first five years, and more complex sites in later periods (years eleven to fifteen). The total number of sites in each phasing period, and the estimated capacity generated from these are shown in Table 9 and Table 10 respectively. This shows that, based on a mid-point, potential exists for almost 11,768 dwellings on sites identified within the GCS.

*Table 9: Number of potential sites within phasing period, by area*

<b>Location</b>	<b>Total sites remaining after discounting process</b>	<b>Sites in Years 1- 5</b>	<b>Sites in Years 6 - 10</b>	<b>Sites in Years 11 - 15</b>
North	93	21	37	35
Central	59	11	30	18
South West	56	7	22	27
South East	61	13	26	22
Total	269	52	115	102

Table 10: Dwelling potential of the physically identified sites by phasing period

Location	Years 1- 5			Years 6 - 10			Years 11 - 15			Total		
	Low	High	Mid-Pt	Low	High	Mid-Pt	Low	High	Mid-Pt	Low	High	Mid-Pt
North	129	441	288	429	1,604	1,015	850	3,001	1,924	1,408	5,046	3,227
Central	136	380	254	475	1,549	1,014	610	1,879	1,237	1,221	3,808	2,505
South West	95	286	190	413	1,442	928	1,151	4,631	2,895	1,658	6,360	4,013
South East	74	287	177	262	1,211	736	340	1,885	1,110	676	3,383	2,023
Total	433	1,394	909	1,580	5,807	3,693	2,951	11,396	7,166	4,964	18,597	11,768

# 6. Capacity estimates and monitoring

*The final stage of the study is to present the final estimates of capacity, on an area by area basis, and to break these down based upon different categories to help with the future monitoring of the opportunities. This section of the report presents the study findings.*

## Unconstrained capacity of physically identified sites

- 6.1 Through the GCS 1,166 sites were recorded. Following the stocktaking process this was reduced to a total of 443. Application of the London Plan Density Matrix resulted in an estimate of capacity between 6,110 and 22,883 dwelling units, or a mid-point of 14,497 dwellings.

## Discounting and phasing the physically identified sites

- 6.2 Through the discounting process the prospect of delivery of individual sites was assessed, considering viability and delivery issues. Those sites considered to have a reasonable prospect of delivery within a fifteen-year period were phased into five-year phasing periods. Small sites (those yielding less than five units) were discounted to avoid double counting (see below).
- 6.3 A total of 269 sites were retained through the discounting stage, generating in an estimate of capacity between 4,964 and 18,597 dwelling units. Taking a mid-point between these results in a capacity estimate of 11,768 dwellings.
- 6.4 These estimates make include those sites in public sector ownership in Waltham Forest that will be subject to transformation over the next few years. These include for example the Town Hall / Campus Site<sup>25</sup>, and Whipps Cross Hospital<sup>26</sup>. Whilst an estimate of potential has been made for both of these opportunities within the study, based on currently available information, the scale of change and potential may evolve as both sites are subject to further detailed design.

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<sup>25</sup> <https://walthamforest.gov.uk/content/town-hall-campus-our-vision>

<sup>26</sup> <https://www.bartshealth.nhs.uk/download.cfm?doc=docm93jjm4n5567.pdf&ver=8566>

## Small sites and other sources of potential

- 6.5 Through the GCS a total of 100 small sites were identified where the estimated capacity yield was less than five dwellings. Because of the small nature of these sites it is not possible to identify all of them and they are often dealt with by way of a windfall allowance. To avoid double-counting with these estimates, all small sites identified in the GCS were discounted.
- 6.6 Based on the information recorded in the London Development Database, and applying a discount for non-delivery, it is estimated that approximately 136 units per annum might come forward on small sites. However, in line with Planning Practice Guidance, this supply is not relied upon in the first five years of the Plan. Therefore, for years 6-15, it is estimated that a total of 1,360 units might come forward on small sites.
- 6.7 The GCS has also looked at the potential supply of homes from other sources, including homes above the shop, empty properties and the prior approvals route. These are difficult to quantify and, in the case of homes above the shop and empty properties, difficult to deliver.
- 6.8 Although the stock of empty properties in Waltham Forest is relatively low, this source has historically contributed towards the supply of new homes in Waltham Forest. An allowance has been made for 30 units per year to come from this source in years 6-15 of the Plan Period.
- 6.9 Whilst there has been some evidence of new dwellings being delivered through the prior approvals route, the period that this has been in operation for is relatively short and it is difficult to draw conclusions about future change. The GCS recommends that these sources are monitored over time and an allowance made at a future date should information show these sources are generating additional homes.

## Summary of constrained capacity

6.10 The GCS estimates that there is potential for approximately 13,428 new dwelling units in Waltham Forest over a fifteen-year period, as presented in Table 11. This figure reflects the mid-point estimates from the physically identifiable sites plus the allowance from small sites and re-use of empty properties. This equates to an annual average of 895 units, in comparison to average completions achieved in the borough over the last five years of 630 units per year. However, this is below the draft London Plan housing figure of 1,794 units per annum, and the objectively assessed housing need for Waltham Forest, which establishes a figure of 1,810 units per annum. So, whilst the GCS identifies significant potential for growth, further opportunities need considering. As such, potential for further intensification is addressed in Section 7.

Table 11: Summary of growth capacity study estimates

Plan period	Source of supply	Dwelling Range	Mid-point estimate
Years 1-5	Physically identifiable sites	433 - 1,394	909
	Small sites	0	0
	Other sources	0	0
Years 6 – 10	Physically identifiable sites	1,580 - 5,807	3,693
	Small Sites	680	680
	Other sources	150	150
Years 11-15	Physically identifiable sites	2,951 - 11,396	7,166
	Small sites	680	680
	Other sources	150	150
Total	All sources	6,624 – 20,257	13,428

## Towards a development pipeline model

- 6.11 The GCS is, by its very nature, a snapshot in time. Importance is thus attached to on-going monitoring of the sites and the assumptions underlying these. This section presents an approach to monitoring that can be used by the Council.
- 6.12 Current monitoring activity tends to report on dwelling completions, planning permissions and delivery rates. However, this excludes sites that have entered the development pipeline, and which may account for a significant number of units.
- 6.13 We recommend that sites identified within the GCS are considered as part of the wider monitoring of sites in the development pipeline, with the status ordered according to the following categories:

### **Category 1: Sites in the development pipeline:**

- 1A: Completed sites / units
- 1B: Sites / units under construction
- 1C: Sites granted full planning permission
- 1D: Sites granted outline planning permission

### **Category 2: Sites entering the development pipeline**

- 2A: Sites currently subject to appeal (these may move into category 1, or out of the pipeline altogether)
- 2B: Sites subject to a planning application
- 2C: Sites subject to pre-application discussions

### **Category 3: Other sites identified in the urban capacity study**

- 3A: Sites phased within years 1-5
- 3B: Sites phased within years 6-10
- 3C: Sites phased within years 11-15

### **Category 4: Sites no longer part of the supply:**

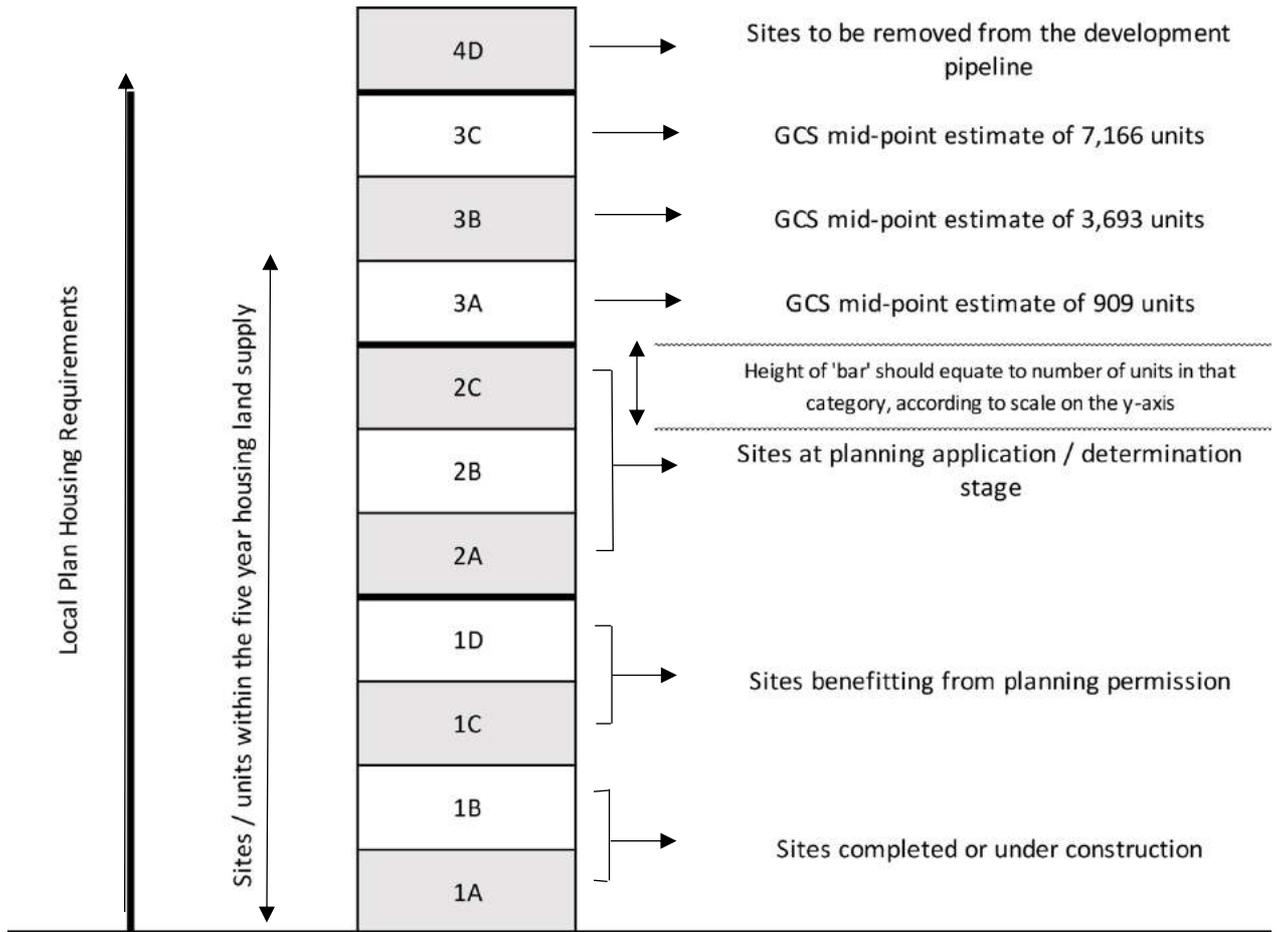
- 4A: Sites where planning permission granted for other uses, or site no longer suitable for residential development

- 6.14 Through this framework it will be possible to track the progress of sites from identification in the GCS through the development pipeline, from the initial decision to grant permission to completion of dwellings, with the category of each site being changed as it moves through the pipeline.
- 6.15 Sites not currently identified within the urban capacity study can be entered into the pipeline model when they come forward, potentially at pre-application stage, and those coming forward for alternative uses being removed. Sites that are taking

longer to come forward than anticipated, or which have come forward earlier than expected, can be moved into different phasing periods, allowing potential to be tracked against Local Plan figures and five-year supply targets.

- 6.16 The chart below (Figure 5) shows a graphic representation of the pipeline model. This will allow completions and the status of physically identifiable source types to be updated over time. Equally, it is important to monitor the supply from other sources and the assumptions with regard to windfall allowances from those.

Figure 5: Outline for potential GCS monitoring framework



# 7. Intensifying the opportunity

*In this section the study considers what the development potential might be should higher densities be applied to the identified sites.*

## **Introduction**

- 7.1 The estimates of potential future development presented in this study have been purposely based on a mid-point density figure, reflecting the reality that some sites will come forward at a higher density, and others at a lower density. The use of the mid-point allows for this.
- 7.2 However, the approach taken in the SHLAA for the draft London Plan takes a different approach. This suggests that:
- In town centre locations, the highest density multipliers in the appropriate grid square of the Density Matrix should be used.
  - In opportunity areas, density multipliers are reflective of recent trends achieved in other opportunity areas in London and assume application of densities towards or exceeding the upper ends of the Density Matrix.
- 7.3 Taking a similar approach in Waltham Forest would result in a higher estimate of development potential. These estimates, and the approach taken, are outlined below.

## **Increasing the density in town centre locations**

- 7.4 The hierarchy of town centres in Waltham Forest has been mapped as part of this study along with catchment areas around these, equating to:
- 800m (e.g.: a ten-minute walk) around major, town and district centres.
  - 400m (a five-minute walk) around local centres.
- 7.5 All sites that fall within these areas have been recorded. Of those sites accepted through the study process and identified as being deliverable through the discounting exercise:
- 61 sites fall within a major, town or district centre, or the catchment of this.
  - 29 sites fall within a local centre or catchment of this.
- 7.6 The mid-point estimate of capacity generated for all of these sites is 4,040 units. If the high density estimate of capacity is applied in these areas, this would increase

potential to 6,120 units: a net increase of 2,080 units. This is broken down by area in Table 12.

Table 12: Estimated capacity of sites identified in town centre locations

	Sites in 800m of Major / Town / District Centre	High density estimate of capacity	Mid-point estimate of capacity	Difference	Sites in 400m of a Local Centre	High density estimate of capacity	Mid-point estimate of capacity	Difference
North	3	469	298	171	14	772	496	277
Central	38	2,095	1,404	695	3	767	524	242
South West	18	1,117	738	379	9	699	453	246
South East	2	127	84	43	3	74	46	28
Total	61	3,808	2,521	1,287	29	2,312	1,519	793

7.7 We would suggest that caution is exercised when following this approach: it implies that the character of the town centre and catchment area remains consistent across the combined area, and that it is appropriate to apply higher densities. The reality is that character of place will vary across each area, and that densities are likely to 'drop-off' further from the centre.

### Increasing the density in opportunity areas

7.8 There are a two main 'opportunity areas' in Waltham Forest, as defined in the London Plan: these are the Upper Lee Valley and the Lower Lee Valley, both of which straddle borough boundaries. Within these areas major change and development has, and is, taking place, in the Olympic Park for example and across the borough border in Enfield, at Meridian Water.

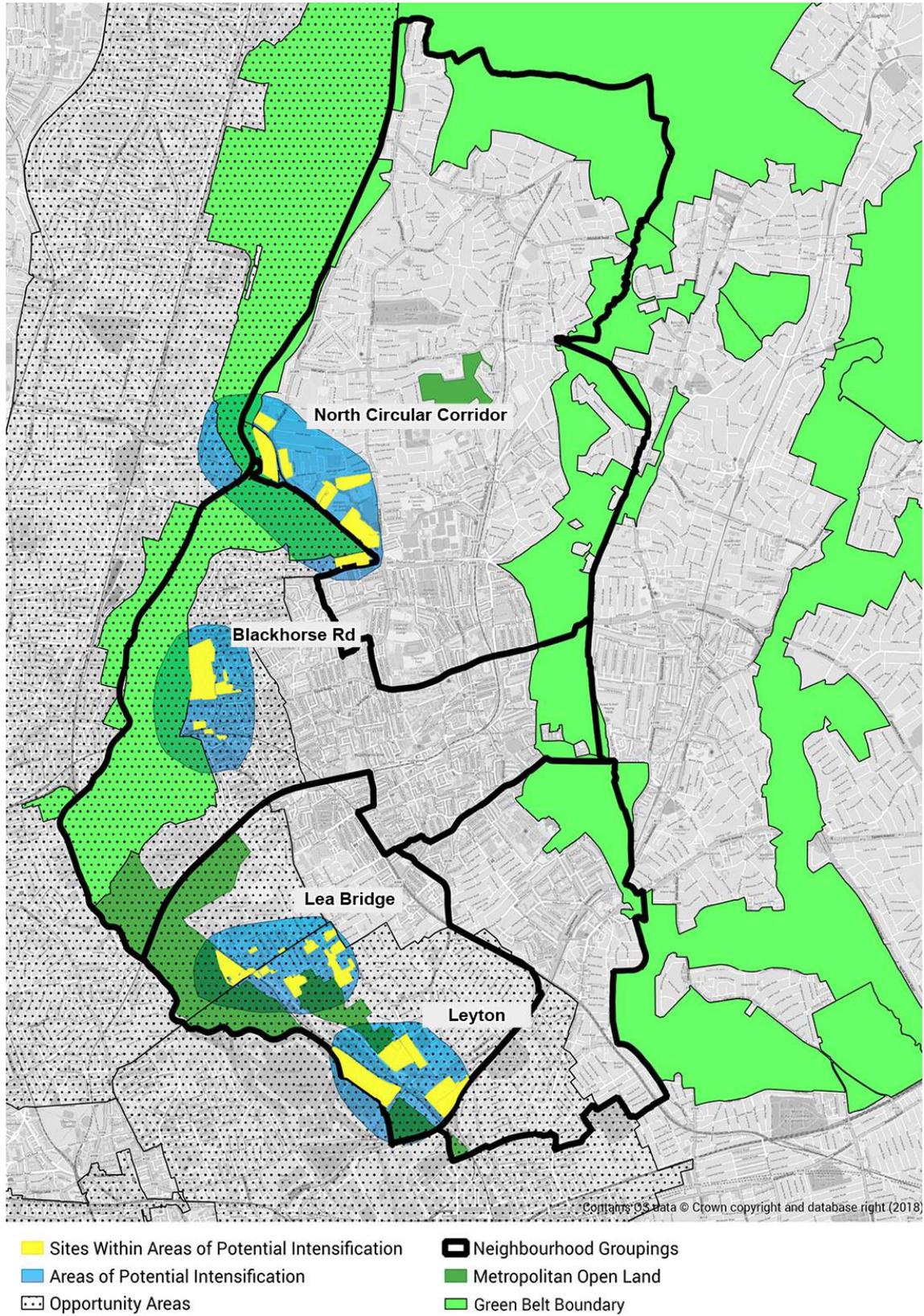
7.9 The proposed scale and form of transformation in Meridian Water is of particular interest for Waltham Forest. Meridian Water is located along the North Circular, adjacent to the Lee Valley Regional Park, and comprising employment land, utilities and retail warehousing. It is particularly comparable to that area in Waltham Forest to the east of the Banbury Reservoir, and where existing road links provide a direct connection to Meridian Water.

- 7.10 Meridian Water is planned to comprise 10,000 new residential units, as well as commercial activities, social and community infrastructure. Key to unlocking the potential is provision of improved public transport services. As part of the proposed development the existing station at Angel Road is being relocated and upgraded, with connections to this enhanced. It is also proposed that Crossrail 2 will run through and stop at Meridian Water, representing a further opportunity for change and transformation in the wider area.
- 7.11 As part of this study, four broad areas for further change and intensification have been identified to test out intensification in Waltham Forest. In each of these, the opportunity for achieving higher densities has been considered. In each area of potential intensification (Figure 6), applying a 'boost' to the density, through application of increased PTAL ratings and or a change in the 'setting' of an area, leads to the estimates of development potential increasing. The four broad areas identified and the revised estimates generated in each area outlined below.

### **Area 1: North Circular Corridor**

- 7.12 This area includes land either side of the North Circular as it enters Waltham Forest from the borough boundary with Enfield, extending to the junction with the A112 (the Crooked Billet junction). Although only that part of the corridor south of the North Circular officially falls within the extent of the Upper Lee Valley Opportunity Area, sites on both sides of the North Circular within this corridor have been considered. Most of the sites comprise employment land or are occupied by retail warehousing. These are sites similar to those within the Meridian Water area. Indeed, the area is directly linked to Meridian Water via the North Circular and Harbet Road, which provides a more local link.
- 7.13 The study includes eight sites in this corridor that were 'accepted' and considered deliverable through the discounting process. All fall within the 'urban' setting in the London Plan, with PTALs in the 0-1 and 2-3 bands. The mid-point estimate of capacity generated from these eight sites is 1,142 units. This estimate also allows for retention and intensification of existing uses.
- 7.14 If the setting of this area is retained as 'urban', but PTAL bands increased to be within levels 2-6, the mid-point estimate from the nine sites increases to 1,930 units: an increase of 788. However, if the logic in the SHLAA behind the draft London Plan is followed, and the higher density level applied, then the estimate increases to 3,290 units: an increase of 2,148 units. In both cases, the estimates allow for retention and intensification of some existing units on site.

Figure 6: Sites within Areas of potential intensification located in the Opportunity Areas



## **Area 2: Blackhorse Road area of influence**

- 7.15 This area, which is within the Upper Lee Valley opportunity area, is already experiencing significant change. However, there remain a number of opportunity sites in this area, particularly with regard to employment land to the north, where the setting is categorised as 'suburban' and where PTALs are in the 2-3 banding.
- 7.16 There are six sites in this area considered acceptable and deliverable in the study, with a mid-point estimate of 854 units. Three of these sites are already in the highest setting and PTAL grid square in the London Plan Density Matrix. The opportunity for further intensification thus lies with those sites in the suburban 'setting'. Boosting the setting to 'urban' and the PTAL rating to the 4-6 band increases the total mid-point estimate to 1,560 units: a gain of 706. However, if the higher density level is applied, then the estimate of capacity increases to 2,587 units: a gain of 1,733. The largest area of opportunity is the employment land to the north. All estimates allow for a proportion of this to be retained and intensified.

## **Area 3: Lea Bridge corridor**

- 7.17 This area straddles the boundary of the Upper and Lower Lee Valley opportunity areas. It takes in land either side of Lea Bridge Road from the borough boundary with Hackney to the junction with Church Road and Markhouse Road.
- 7.18 It includes twelve sites considered acceptable and deliverable in the study, two of which are categorised as being in the 'central' setting, with the others all 'suburban' and with PTALS in the 2-3 banding. The mid-point estimate of capacity generated from these is 824 units.
- 7.19 Boosting those sites currently categorised as being in the 'suburban' setting to 'urban', and increasing PTAL banding from 2-3 to 2-6 results in the mid-point estimate of capacity increasing to 1,933 units: a gain of 1,109 units. If however the highest density level is applied, the estimate increases to 3,295 units: a gain of 2,471 units.

## **Area 4: Leyton opportunity area**

- 7.20 This area includes land around the northern fringes of the Olympic Park and within the Lower Lee Valley opportunity area, focussed around Leyton, the A12 and New Spitalfields Market.
- 7.21 Six sites considered acceptable and deliverable in the study fall within this area. PTALs vary between 2-3 and 4-6, though all have an 'urban setting'. The mid-point estimate of potential is 2,014 units. Increasing the PTAL across all sites, and thus the density multipliers applied, to the 4-6 band, results in a revised mid-point estimate of 2,519 units: a gain of 505 units. However, taking the high-density multiplier calculation results in an estimate of 4,294 units: a gain of 2,280 units.

7.22 This area, combined with the Lea Bridge Corridor area, has previously been investigated as part of the Lea Bridge and Leyton vision. This envisaged potential for some 4,000 new homes across the area. This is not dissimilar to the ‘high-point’ estimate for the area through application of the density multipliers when using the current setting and PTALs. However, through an approach to intensification the potential for the combined area could increase to around 7,500 units.

### Summary

7.23 The approach to estimating capacity outlined above demonstrates how the application of different assumptions and density multipliers can lead to quite different answers. Depending on the approach taken, the four areas outlined above could generate anywhere between 4,834 and 13,466 units: a difference of 8,632.

7.24 To achieve these higher levels of growth requires more than just application of different densities however. The opportunity for intensifying and rationalising existing uses needs fully exploring, as does the potential to deliver improved accessibility and the supporting uses necessary to create complete neighbourhoods, contributing to delivery of ‘good growth’ in London.

7.25 A strategic approach to planning is required that looks at these sites in the whole, and how and when change might be delivered. The scale of change is significant and is likely to necessitate a longer-term view, ensuring that change in the short-term does not undermine the wider growth potential. The potential uplift that might be generated through an approach to intensification in these areas is shown in Table 13.

*Table 13: Potential gains in capacity derived from intensification in opportunity areas*

	<b>Mid-point estimate</b>	<b>Intensified mid-point estimate</b>	<b>Intensified high capacity estimate</b>
North Circular corridor	1,142	1,930	3,290
Blackhorse Road area of influence	854	1,560	2,587
Lea Bridge Corridor	824	1,933	3,295
Leyton Opportunity Area	2,014	2,519	4,294
All other sites (mid-point estimate)	6,934	6,934	6,934
Total	11,768	14,876	20,400
Net-gain	-	+3,108	+8,632

## Combining the potential for intensification

- 7.26 If the two approaches outlined above are combined it creates a further uplift over the mid-point estimate. The figures within the different categories cannot though simply be added together as there is some overlap between sites, with a small number of the sites located in town and local centres also falling within the opportunity areas. This is most notable in the Blackhorse Road area, where all sites accepted through the discounting process all fall within the catchment of a town or local centre. So, for the purposes of this combined calculation, the potential for intensification in all sites within the opportunity areas is taken, and the higher density estimate of all town or local centre sites (except those that are in an opportunity area) then added to these. This avoids any potential for double-counting.
- 7.27 **The combined estimate of potential derived from the intensification approach results in range between 16,253 and 21,777 units:** an increase of between 4,485 and 10,009 units than estimated through application of the mid-point approach to estimating capacity. This is presented in Table 14.
- 7.28 Further adding the potential from other sources (small sites and empty homes) to this could increase the estimate of potential by 1,660 units, resulting in a range between 17,913 and 23,437 units. This equates to an annual average, under the intensification approach, between 1,194 and 1,562 units. This compares to the draft London Plan housing figure for Waltham Forest of 1,794 units per annum<sup>27</sup>.

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<sup>27</sup> The estimates of capacity in this report are based on a fifteen-year period, whereas the draft London Plan housing figures are reflective of a ten-year period.

Table 14: Combined estimate of capacity from intensification approach in the opportunity areas and town centre locations

	<b>Mid-point estimate</b>	<b>Intensified mid-point estimate in opportunity areas / high capacity estimate in centres</b>	<b>Intensified high capacity estimate</b>
North Circular corridor	1,142	1,930	3,290
Blackhorse Road area of influence	854	1,560	2,587
Lea Bridge Corridor	824	1,933	3,295
Leyton Opportunity Area	2,014	2,519	4,294
Sites in centres (North)*	504	784	784
Sites in centres (Central)*	1,072	1,606	1,606
Sites in centres (South West)*	904	1,396	1,396
Sites in Centres (South East)*	130	201	201
All other sites (mid-point)	4,324	4,324	4,324
Total	11,768	16,253	21,777
Potential from other sources	1,660	1,660	1,660
Total from all sources	13,428	17,913	23,437
Net-gain	-	+4,485	+10,009

\* Figures for these rows exclude those sites within one of the opportunity areas to avoid double-counting

# 8. Concluding comments

*Following the study process a series of points for further consideration have been identified. These are presented below.*

## **Reconsidering employment land**

- 8.1 The study has identified that significant potential exists through the redevelopment of employment land within the Borough. The Council will need to make decisions about how best to use this land. There is potential for this land to work harder, but if it was to be released for housing, the question is then how and where employment activities might be relocated, if at all. Equally, it may give rise to thought as to whether preferred locations for employment use can be intensified to allow for activities on other sites to be relocated. Examples of ways in which employment land might be intensified are illustrated in the draft London Plan<sup>28</sup>. Such an approach, though adapted to respond to local character and context, should be explored within Waltham Forest. Equally, this applies to retail warehouse locations too, where land, particularly that used for surface car parking, could be made to work far more efficiently.

## **Rationalising car parking**

- 8.2 There are numerous areas of surface car parking in and around the town, district and local centres across the Borough. Whilst these have been identified and considered through the study, further consideration should be given to assessing car park utilisation and different models of provision over time: e.g.: provision of decked parking in one location may allow for the release of other sites for housing. Combined with an approach to active and sustainable modes of travel, this could help release opportunities for additional housing.

## **Making the most of public sector assets**

- 8.3 The GCS has, in some locations, identified clusters of social and community uses, including for example health centres, community and youth centres, which could potentially be amalgamated to bring benefits in terms of shared facilities and parking, as well as reduced maintenance costs. Where such amalgamation does take place, it could free up land for housing. However, if such an approach were followed, it should not result in a loss of service provision, nor a shortfall in local infrastructure.

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<sup>28</sup> See Figure 6.3 of: Mayor of London, December 2017, The London Plan: The Spatial Development Strategy for Greater London; draft for public consultation

8.4 The study also identified a large number of garage courts across the Borough, most of which represent small sites but, which, nevertheless, might present a fairly substantial supply over time. This type of site can and does come forward, providing new affordable housing in the Borough. Further investigation of garage usage may help identify those which are under-used and that might provide opportunities in the short to medium term. This is a source of supply that should be regularly monitored and reviewed.

### **Unblocking the potential**

8.5 The GCS identifies a large number of sites, some of which might not be deliverable in the short-term, but which do offer longer-term potential (e.g.: in years 11-15) subject to other factors, such as reviewing policy designations and current use types. The approach to the GCS is purposely proactive, seeking to explore as many opportunities for new development as possible. Bringing these forward may involve a proactive approach to planning and development. The Council could, where appropriate:

- Facilitate discussions between landowners.
- Create site specific development briefs.
- Market land for development.
- Use powers to acquire land and develop existing public sector land for new public sector housing across a variety of tenure types.
- Include sites on the next update of the Council's Brownfield Land Register.

### **Area-wide masterplan approach to areas of opportunity**

8.6 The GCS has identified some locations where there are multiple land owners and active uses, but where the opportunity exists to intensify land use, or where relocations might assist in the delivery of new housing. The viability of such opportunities is difficult to assess through the study given the complex ownership arrangements and may warrant more detailed investigation, with a masterplan-led approach to change helping to realise the potential and the key steps and strategies required to facilitate change.

### **Reconsidering the Green Belt**

8.7 A large part of the Upper Lee Valley Opportunity Area within the London Borough of Waltham Forest comprises Green Belt. In an area with significant pressure to deliver new homes it might be worth reviewing the role and function of the Green Belt in this location. It is located close to the Meridian Water area of major transformation in Enfield, including improvements to transport connections. Land in Waltham Forest is close to this, but unless existing designations are reconsidered, will not receive the full benefits of this investment. A review of these designations could help bring forward new development in a coherent, masterplanned fashion.

# **Appendix A: Consultation letter – ‘Development industry’**

## Growth and Regeneration

Director of Growth and Regeneration:  
Lucy Shomali



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Magistrates Court, Town Hall Complex, Forest Road, Walthamstow, E17 4JF

Ask for: Charlotte Morphet  
Your Ref: n/a  
Email: [charlotte.morphet@walthamforest.gov.uk](mailto:charlotte.morphet@walthamforest.gov.uk)  
Direct line: 020 8496 4318  
Date: 26 March 2018

26 March 2018

Dear Sir or Madam,

### **Growth Capacity Study for London Borough of Waltham Forest**

Consultants Troy Planning + Design have been commissioned by London Borough of Waltham Forest to prepare a Growth Capacity Study (GCS).

The purpose of this study is to assess the potential to accommodate new housing development within the urban area of the Borough by reusing previously developed land (i.e.: brownfield land) and making better use of existing land and buildings. The work will help inform emerging policy decisions in the new Local Plan as well as feed into the new Brownfield Land Register, which the Council is required to prepare and update on an annual basis.

This letter is to inform you of the study, to welcome comment on methodological aspects, and to provide you with an opportunity to identify and suggest any land and buildings which you consider may have the potential for development within the existing built up areas over the next fifteen years.

A summary of our method statement is attached. Should you have any comments or suggestions please reply by Monday 9 April 2018 so that any information received can be fed into the study timetable.

As part of the process, we will be arranging series of drop in session in person or by phone with Troy Planning + Design. When returning this form, please state if you wish to use this service.

Please do not hesitate to contact the Council if you have any queries regarding the GCS.

We look forward to receiving any comments or suggestions you wish to make.

Yours sincerely,

Joe Addo-Yobo  
Head of Planning Policy and Strategy

## **Summary Method Statement**

The GCS will provide supporting technical evidence to inform the preparation of the new Local Plan. The proposed method for this work comprises four main stages as outlined below:

### **Stage 1: Identifying capacity sources**

This will involve a desk-based review of mapping and documentation in addition to site surveys to identify as many future development opportunities as possible. This will involve surveys on a street-by-street basis of town and district centres, the principal transport hubs (train and tube stations) and the catchment area around these. We will also visit each of the sites and areas identified from the desk review of mapping together with a general examination of other areas.

### **Stage 2: Assessing capacity**

A series of design case studies will be prepared for a representative sample of identified sites. Two scenarios will be prepared and the densities generated applied back to other similar sites. This will help generate estimates of development capacity. Design case studies will be informed by a review of the character of the area, the mix and type of development, as well as any site-specific constraints. The assessment of capacity will reflect appropriate densities that optimise the potential for land and development in the built-up area.

### **Stage 3: Discounting capacity yields**

Following the assessment of capacity this figure will then be discounted to give an informed assessment of the amount of housing that might be brought forward within the time horizon being considered. Site potential will be broken down into phasing periods, with those in the first five years comprising those considered suitable, available and achievable.

### **Stage 4: Reporting**

Plans, maps and schedules will be prepared setting out the findings of the study and the assumptions underpinning the estimates of capacity. Data from the report will be used to inform the Council's Brownfield Land Register.

## **General notes**

The study will only consider those sites that are located within the built-up areas within the Borough (i.e.: excluding areas within the Green Belt and or Metropolitan Open Land).

Should you wish to make a comment or submit a site for consideration, please complete the proforma overleaf.

In addition, any insight which you may be able to provide in relation to housing market conditions in different parts of the Borough would be appreciated. For example, delivery rates, build out periods etc.

This invitation is made without prejudice to the objectives of either party; at this stage it is not possible to foresee the outcome of the study or the emerging Local Plan, nor does it prejudice any decision the Council may wish to take should an application for any site be forthcoming.



### Section 3: Site opportunities

If you would like to suggest a site for consideration in the Growth Capacity Study please supply the following information:

Site address / location:	(please also include a plan, preferably on a scaled OS base, with the site boundary outlined in red)
Site size (hectares):	
Land owners:	
Planning status:	(is it, or has it been subject to proposals in the past)
Potential capacity and development mix:	
Confirm access arrangements to site:	
Confirm that site is deliverable and can be achieved with the next five years:	
Known Constraints e.g, tree preservation orders	

**Please provide any information you have in digital format e.g. shape files or GIS layers.**

# Appendix B: Examples of different residential development densities

The use of the London Plan density matrix to generate estimates of capacity implies a mix of different development typologies. Examples of built (and some proposed) schemes are outlined in this appendix. These are presented to provide an indication of the scale of development achievable at different densities rather than as a start point for discussion of different architectural styles. The examples provided demonstrate that it is possible to achieve a range of densities set out in the Matrix whilst still responding to the scale and character of different areas across the Borough.

Figure 7: Horsted Park, Chatham, Kent: 41dph



Figure 8: Abode, Great Kneighton, Cambridge: 47dph



Figure 9: Western Riverside, Bath: 60dph



Figure 10: Moray Mews, Islington, London: 77dph



Figure 11: Wells Street, Chelmsford, Essex: 125dph (plus non-residential town centre uses)



Figure 12: Griffiths Road, Wimbledon, SW London: 177dph



Figure 13: The Scene, Walthamstow, NE London: 180dph (plus non-residential town centre uses)



Figure 14: St John's Hill redevelopment, Wandsworth, SW London: 230dph



Figure 15: Ocean Estate, Tower Hamlets, E London: 260dph



Figure 16: Micawber Street, Hackney, N. London: 350dph



# Appendix C: House Price Information

## Statistical Data to Inform Discounting Process including House Price Transaction Data

Table C1 - Comparison of Average Price Paid Transaction Value (All Properties) (Year Ending Sep 2017)									
	Median Price (£) <sup>29</sup>					% Difference Mean and Median			
	England	South East	London	LB WF		England	South East	London	LB WF
<b>All Property</b>	230,000	310,000	460,000	445,000					
<b>Detached</b>	326,000	485,000	775,000	732,500					
<b>Semi-Detached</b>	200,000	325,000	520,995	550,000					
<b>Terraced</b>	181,950	271,000	480,000	516,007					
<b>Flat</b>	215,000	205,500	415,000	350,000					
	Mean Price (£) <sup>30</sup>					% Difference Mean and Median			
	England	South East	London	LB WF		England	South East	London	LB WF
<b>All Property</b>	296,746	371,715	612,119	455,954	<b>All Property</b>	29.0%	19.9%	33.1%	2.5%
<b>Detached</b>	403,359	582,625	1,044,869	739,807	<b>Detached</b>	23.7%	20.1%	34.8%	1.0%
<b>Semi-Detached</b>	251,784	355,973	654,345	577,411	<b>Semi-Detached</b>	25.9%	9.5%	25.6%	5.0%
<b>Terraced</b>	242,857	296,909	668,444	529,967	<b>Terraced</b>	33.5%	9.6%	39.3%	2.7%
<b>Flat</b>	301,675	227,316	542,386	342,336	<b>Flat</b>	40.3%	10.6%	30.7%	-2.2%

<sup>29</sup> Source: HPSSA Dataset 9. Median price paid for administrative geographies

<sup>30</sup> Source: HPSSA Dataset 12. Mean price paid for administrative geographies

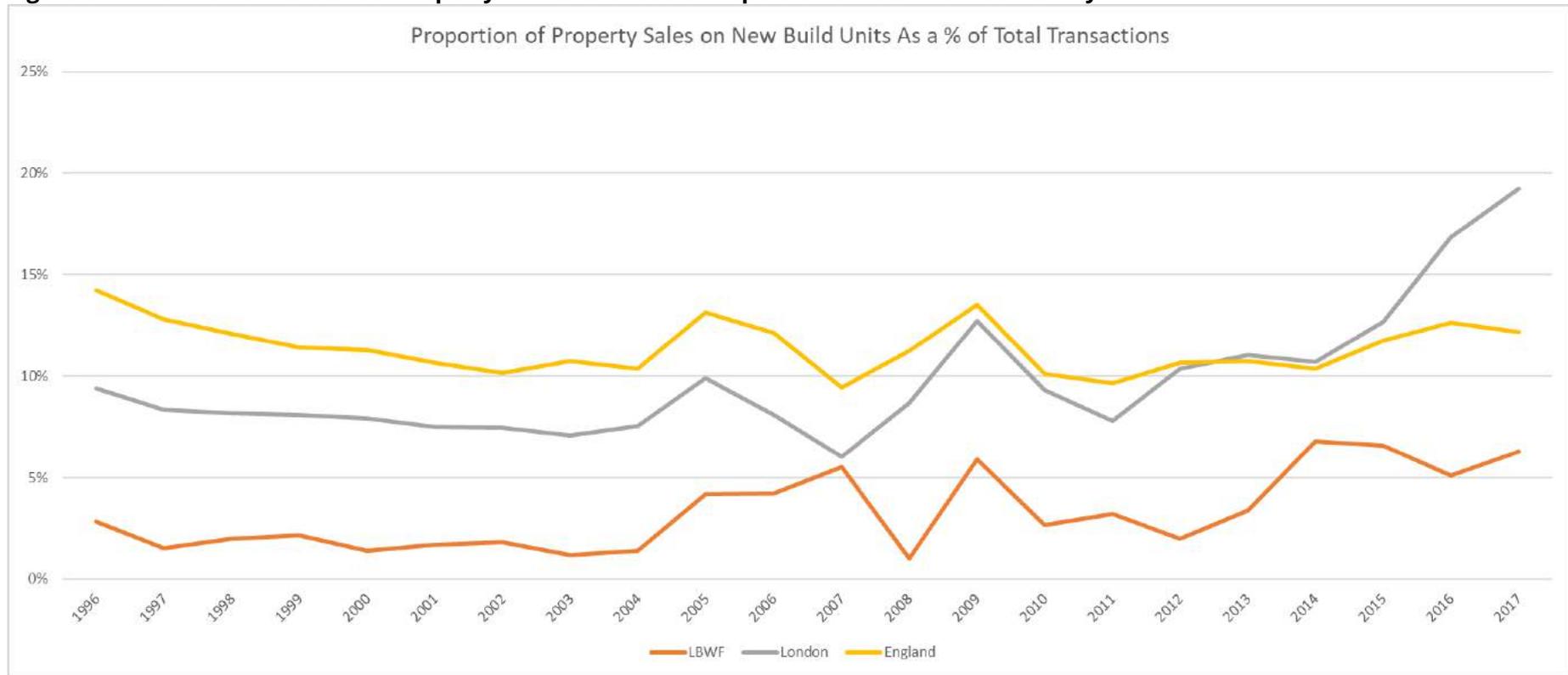
Both available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housepricestatisticsforsmallareas/yearendingiune2017>

**Figure C1 - Volume of Annual Residential Transactions within the London Borough of Waltham Forest<sup>31</sup>**



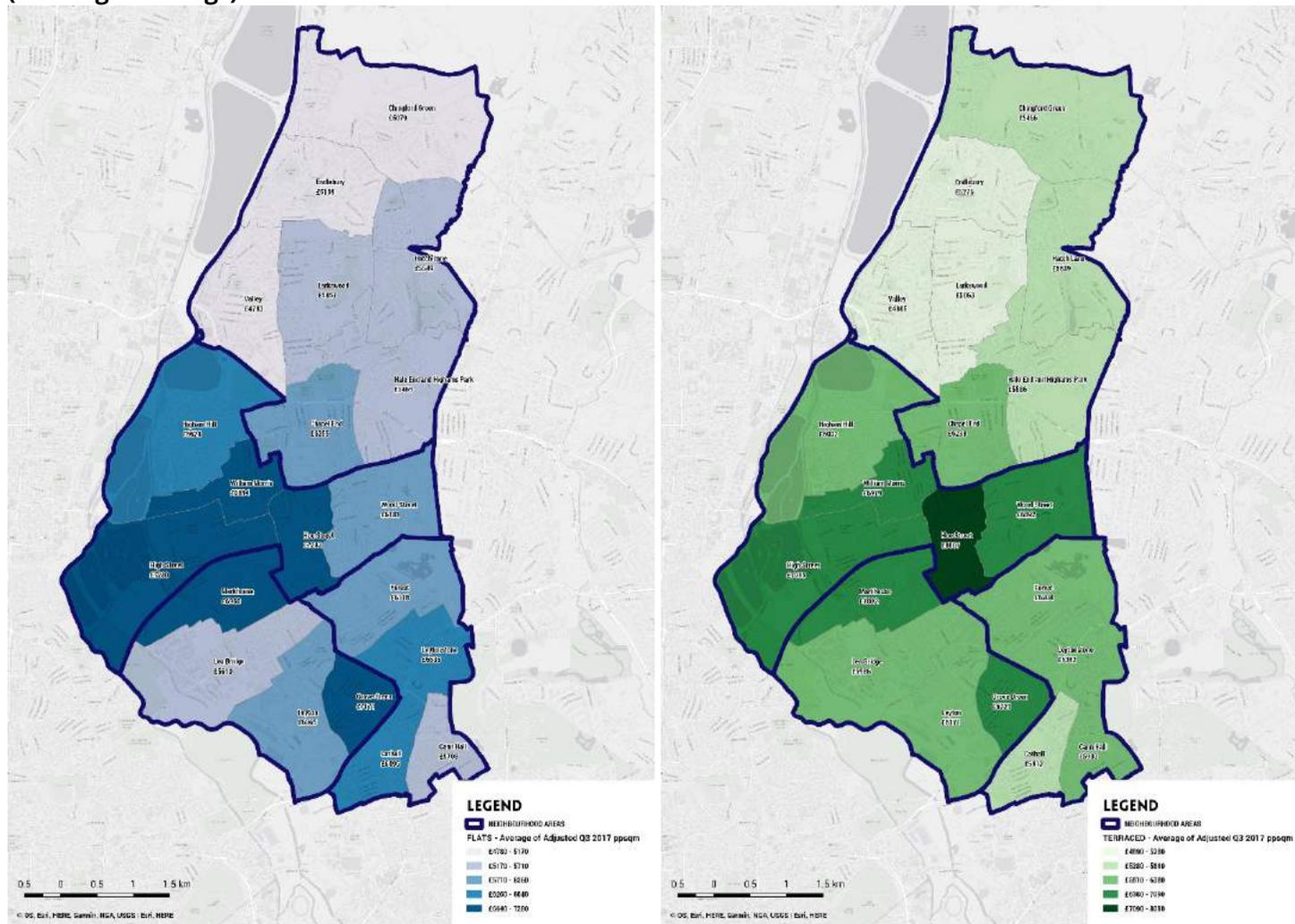
<sup>31</sup> Source: House Price Statistics for Small Areas (HPSSAs) data sets 6, 7 & 8

Figure C2 - 'New Build' Residential Property Transactions as a Proportion of Total Market Activity<sup>32</sup>



<sup>32</sup> Source: House Price Statistics for Small Areas (HPSSAs) data sets 6, 7 & 8

Figures C3-C5 (This page C3 and C4, C5 overleaf): Mapping of Average Price Paid Property Transactions 2016-2018 (By Ward and Property Type) (Existing Dwellings)<sup>33</sup>



<sup>33</sup> Source: Land Registry Price Paid Transactions: <http://landregistry.data.gov.uk/app/ppd>



<b>Table C2 - Average Value of Land Registry Price Paid Property Transactions (Existing Dwellings) (Value Area Groupings) (Data as Presented in Figures F3 - F5)<sup>34</sup></b>		
	<b>Lower Value Areas</b>	<b>Higher Value Areas</b>
	North of A406	South of A406
<b>Detached</b>	£846,692	£699,320
<b>(Overall average £793,638)</b>		
<b>Flats</b>	£287,280	£352,333
<b>(Overall average £339,717)</b>		
<b>Semi-Detached</b>	£562,089	£650,966
<b>(Overall average £586,864)</b>		
<b>Terraced</b>	£479,115	£554,958
<b>(Overall average £534,943)</b>		

<sup>34</sup> Source: Land Registry Price Paid Transactions: <http://landregistry.data.gov.uk/app/ppd>

<b>Table C3 – Average Value of 2014-2018 Land Registry Price Paid Property Transactions (New Build Dwellings)<sup>35</sup></b>		
	<b>Lower Value Areas</b>	<b>Higher Value Areas</b>
	North of A406	South of A406
<b>Detached</b> (Overall average £634,559); [sample] [1]	£634,559 [1]	[0]
<b>Flats</b> (Overall average £416,420); [sample size] [670]	£387,230 [180]	£434,170 [490]
<b>Semi-Detached</b> (Overall average £391,027); [sample size] [2]	£391,028 [2]	[0]
<b>Terraced</b> (Overall average £561,547); [sample] [57]	£551,193 [19]	£566,724 [38]

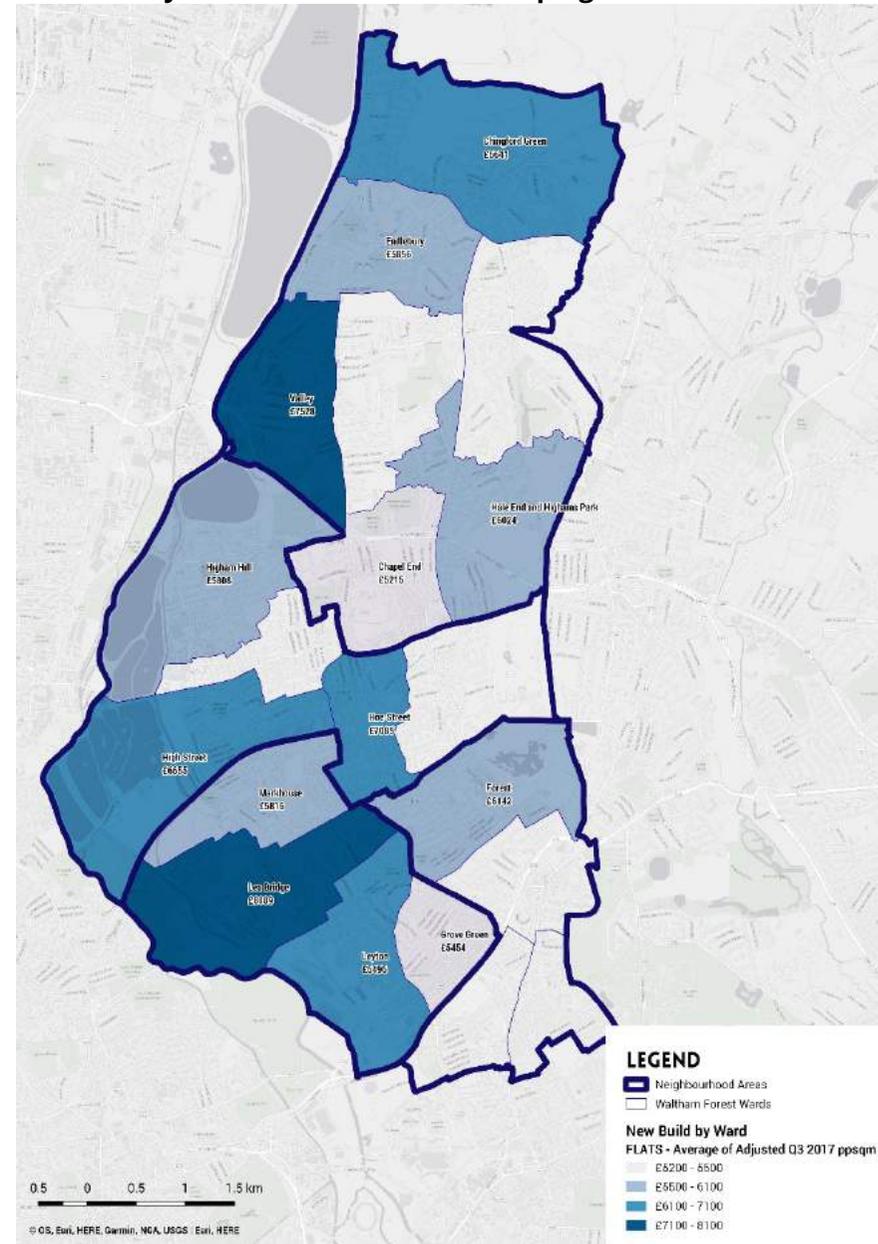
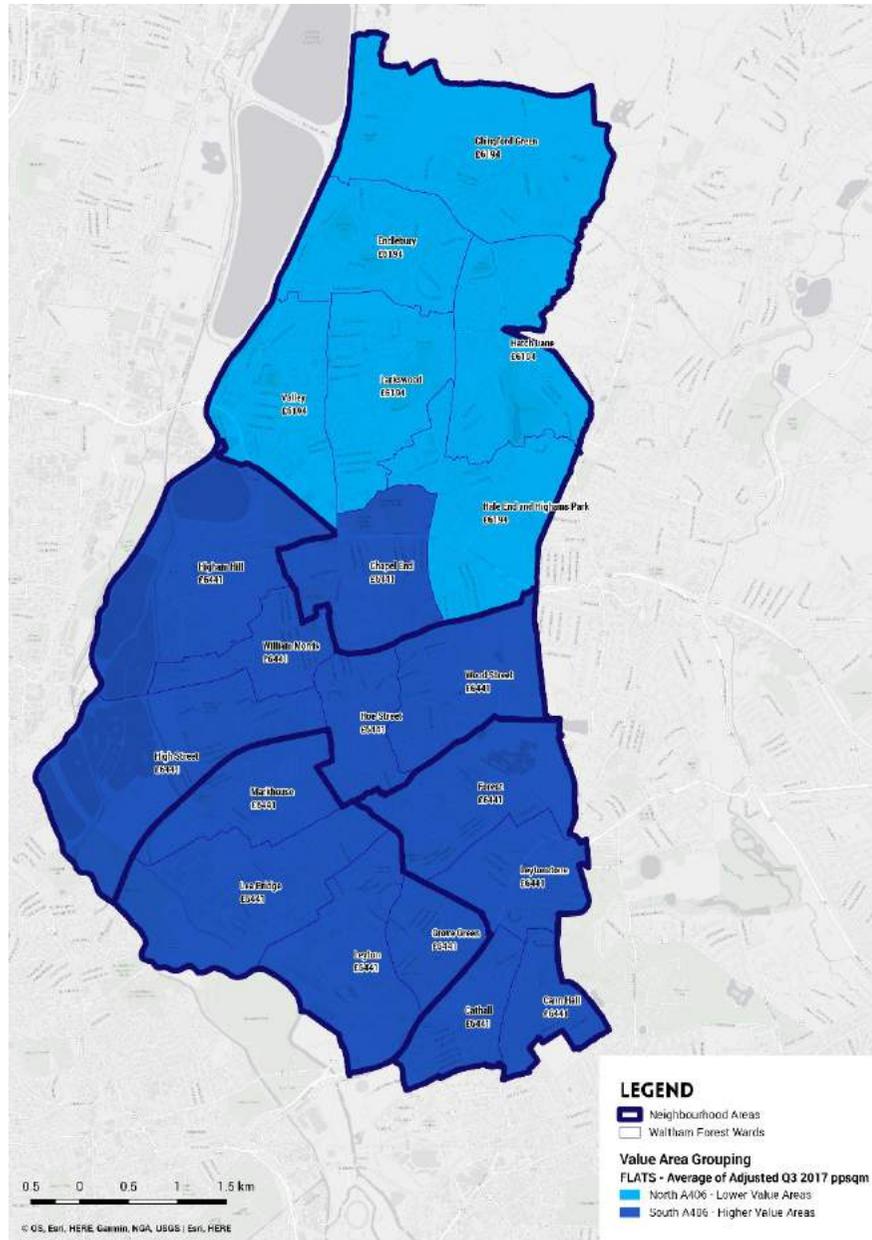
<sup>35</sup> Source: Land Registry Price Paid Transactions: <http://landregistry.data.gov.uk/app/ppd>

<b>Table C4 - Average Value (£/sqm) and Average Size (sqm) of (New Build Dwellings)<sup>36</sup></b>		
	<b>Lower Value Areas</b>	<b>Higher Value Areas</b>
	North of A406	South of A406
<b>Detached</b> (Average £/sqm and Sqm of New Build) [Sample]	£5,244 (121sqm) [1]	[0]
<b>Flats</b> (Average £/sqm and Sqm of New Build) [Sample]	£6,194 (64sqm) [171]	£6,441(70sqm) [463]
<b>Semi-Detached</b> (Average £/sqm and Sqm of New Build) [Sample]	£5,078 (77sqm) [2]	[0]
<b>Terraced</b> (Average £/sqm and Sqm of New Build) [Sample]	£5,310 (120sqm) [15]	£5,850 (105sqm) [35]

<sup>36</sup> Source: Land Registry Price Paid Transactions: <http://landregistry.data.gov.uk/app/ppd> and Energy Performance Certificate Data for Individual Transactions

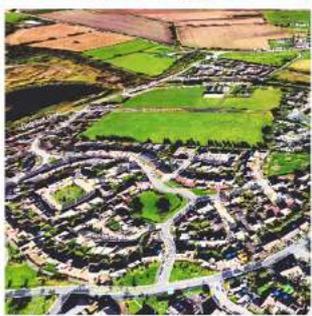
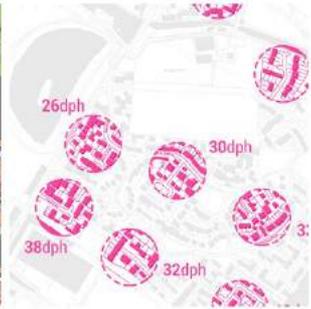
<b>Table C5 - Indicative New Build Premium vs Existing Property Prices (Flats and Terraced Only)</b>		
<b>Premium (Flats and Terrace Only)</b>	<b>Lower Value Areas</b>	<b>Higher Value Areas</b>
	North of A406	South of A406
<b>Detached</b>		
<b>Flats</b>	34.8%	23.2%
<b>Semi-Detached</b>		
<b>Terraced</b>	15.0%	2.1%

Figures C6 and C7: Mapping of Average £/sqm (Flats) of New Build Transactions by Ward and Value Area Grouping









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